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LEND ADVANCES  
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No. 32,827 36/88 \*\* PARIS, FRIDAY, SEPTEMBER 9, 1988

## Reagan Drops Summit Plans

### Lower-Level Sessions to Replace 'Farewell' Meeting

**By Reginald Dale**  
*International Herald Tribune*

PARIS — President Ronald Reagan has dropped plans for a farewell gathering of Western leaders and will instead hold a series of lower-level meetings with allied representatives in New York later this month, European and U.S. officials said Thursday.

West German officials said the White House scaled down its idea of a top-level Western meeting after a number of allied leaders, including Chancellor Helmut Kohl of West Germany, said they would be unable to attend.

British officials said Prime Minister Margaret Thatcher has no plans to be present at any meeting Mr. Reagan might hold in New York, where he will attend the annual opening session of the United Nations General Assembly on Sept. 26 and 27.

French officials said President François Mitterrand was still considering an invitation received Thursday from Mr. Reagan, but was highly unlikely to participate in any allied gathering, Mr. Mitterrand, who will address the General Assembly on Sept. 28, is already due to meet Mr. Reagan individually in Washington on Sept. 29.

"There's not going to be any summit," said a U.S. official, who added that reports in Europe had "misconstrued" the American initiative. Mr. Reagan was not seeking a full-scale summit, only "bilateral and group meetings with various heads of delegation" attending the General Assembly, he said. Most Western delegations are expected to be led by foreign ministers.

Other U.S. officials conceded that Mr. Reagan had originally hoped to meet with Western leaders in New York. European officials said Washington had floated the idea of a "farewell summit" of allied leaders on Sept. 27.

West German officials said Washington had hoped to arrange a one-day meeting of the seven leading industrialized countries — the United States, Japan, West Germany, France, Britain, Italy and Canada.



A student in Seoul gesturing to an elderly man as he and a friend tell the man about their protests against the Olympic Games.

## Scholars Warn on Soviets

### Study Says West Should Go Slowly On Arms Accords

**By Joseph Fitchett**  
*International Herald Tribune*

PARIS — A group of leading research organizations in Europe warned their governments Thursday that the Soviet leader was seeking drastic changes in Western defenses before carrying out fundamental domestic changes that would make the Soviet Union less of a threat.

The report recommended that European governments proceed very gradually toward any new arms-control agreements lest the West find itself unprepared if the Soviet Union suddenly reverted to a more belligerent policy.

It added that Europe should insist that the Soviet Union first permit more democratization in its domestic policies and in its relations with its satellites in Eastern Europe.

If Europe can "constructively engage" the Soviet Union to bring about social and economic changes, such as less government secrecy, more international trade and wider respect for human rights, the report concludes, it will become impossible after a few decades to imagine any Soviet leadership reverting to the ideological and military confrontations of the Cold War.

The study, "The Gorbachev Challenge and European Security," offered much more cautious conclusions about the West's chances of influencing developments in the Soviet Union than most comparable recent U.S. analyses.

The report, released Thursday, was issued by European Sociologists under the auspices of the European Strategy Group. The group is a privately funded research program of the Royal Institute of International Affairs, in Britain; the French Institute for International Relations, in France; the International Affairs Institute, in Italy; the Norwegian Institute of Foreign Affairs, and both the German Foreign Policy Association and the Foundation for Science and Politics, in West Germany.

The strategy group is composed mainly of academics and former government officials whose views on defense are more conservative than those espoused by many European political leaders. Although some of the foundations have government financing, the study does not reflect the policies of their governments.

In the analysis, Mikhail S. Gorbachev was depicted as a leader who was forced to reinvent the Soviet economy and who sought diplomatic and political triumphs in Europe and the United States to reinforce his authority against domestic opposition in change. Mr. Gorbachev has been pressing for more arms control, including the elimination of all short-range nuclear weapons in Europe.

The report said that because the Soviet leader had more freedom of action in foreign policy than in domestic policy, he might increasingly look to such activism abroad to reinforce his authority at home.

It also warned that as Soviet diplomacy became more dexterous, U.S. foreign policy could complicate Western Europe's ability to defend its interests.

"American unilateralism, concerning the superpower relationship, bilateralism," the analysts wrote, appears to be "a gradual but

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## Dukakis's Student Loan Plan

### Repayment Fixed Over a Lifetime

**By Robin Toner**  
*New York Times Service*

BALTIMORE — Governor Michael S. Dukakis has proposed a college-loan program that would allow students to pay back their loans over a lifetime through payroll withholding of a small fixed percentage of their income.

The Democratic presidential candidate said Wednesday that the program would "open wide the door of college opportunity" to the young people of America.

In a speech at Kean College in Union, New Jersey, Mr. Dukakis declared: "It's going to reach out to the millions of youngsters from middle-income families who are not eligible for grants and loans today, or who choose not to take advantage of loans because they don't want to start out in life burdened by tens of thousands of dollars of debt."

The proposal reflects several political imperatives for the Massachusetts governor. It fits neatly with the nominee's appeal to middle-class voters, who he asserts have been increasingly squeezed under the Republican administration. It also enables him to propose a major new government initiative without a major new federal cost.

Campaign advisers said the system would be voluntary, would not replace existing federal college-loan programs and would depend on private, not federal, money.

It is designed as a sort of reverse Social Security, with the benefit, a college education, coming before the start of a working lifetime, rather than at the end.

"For our families," Mr. Dukakis said, "we'll be helping to bring college within the reach of all our children.

"For our taxpayers, we'll be providing a reliable, self-financing new mechanism for making and enforcing the collection of student loans."

The governor also pressed his assault on his Republican rival, Vice President George Bush, asking: "And where was George while his administration was doing its best to slam the door of college opportunity in the face of millions and millions of young people across this country? George was right there — all the time. Not doing and not saying a thing."

Mr. Bush has a different approach to the tuition problem, urging the creation of tax-free savings bonds as an incentive for families to save for college. Income from such bonds would be tax-free if applied to college tuition.

Mr. Bush said in July that with the savings bonds, a parent could

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## Moscow Is Suitor, and Seoul Is Willing

**By Fred Hiatt**  
*Washington Post Service*

SEOUL — An Aeroflot cargo plane carrying horses to the Olympics equestrian competition this week became the first Soviet aircraft to land in South Korea and the first to fly through South Korean airspace since Soviet MiGs bombed the country 35 years ago.

A Soviet official traveling with his Olympic delegation was accorded consular status, the first Moscow diplomat accredited here in more than 80 years. The temporary consul, Leonid Osinkin, met with the South Korean president, Roh Tae Woo, after they watched a performance by the Bolshoi Ballet.

The Soviet Union and South Korea, until recently not so speaking terms, are conducting a surprising courtship in the days leading up to the Olympics in Seoul.

The Soviets have been so effusive in the presence of South Korean officials that the Koreans are surprised, delighted and, in some cases, alarmed.

"How can we be so forgetful of our past unhappy experiences?" a Foreign Ministry official asked. "I think we are going to extricate."

The South Korean government determined to be the host of the Olympics successfully and mindful of domestic political advantages of improved relations with the Communist world, has abandoned its harsh language and much of its habitual caution.

Last week it allowed the fifth anniversary of the Soviet downing of a Korean airliner, which killed all 269 aboard, to pass without condemnations, memorials or government-organized demonstrations, as in the past. On Thursday, the Soviet Union gave Korean Air permission to fly over its territory during the Olympics.

The Soviets seem to be competing with China to win the favor of the South Korean public and business groups.

The Soviet Union and China remain the principal backers of North Korea, and neither Moscow or Beijing has diplomatic relations with Seoul. But both the Soviet Union and China seem willing to pursue closer trade relations with South Korea, which has become far wealthier and more technologically advanced than the Communist North.

"There is a kind of invisible competition between the Soviet Union and mainland China," another South Korean diplomat said. "They both seem to view the Olympics as a good opportunity."

The diplomat said that South Korea remained a long way from normalizing relations with either the Soviet Union or China, and he said he worried that South Koreans would now expect too much progress after the Olympics. But he also said that the changes had been remarkable in a country that, until recently, had been fiercely anti-Communist.

Last week, South Korea and a Chinese province agreed to exchange trade offices and began direct cargo ferry service across the Yellow Sea. Until a few months ago, South Korea did not even acknowledge that it traded with China, although direct and indirect trade now exceeds \$2 billion a year.

South Korean newspapers reported this week that officials were negotiating to exchange trade offices with Beijing. Tourism officials and airline companies of the two nations also are preparing for exchanges, while private businesses here pursue joint ventures.

In addition, South Korea's quasi-official trade promotion agency, which established contacts with Hungary last year and Yugoslavia in March, is negotiating to set up offices in Bulgaria and Poland.

And this week a cruise ship carrying Soviet athletes and tourists pulled into Pusan's harbor. A Soviet official of Korean descent displayed a passport to Korean reporters, saying it showed he was trusted to travel overseas. The wife of one of South Korea's wealthiest businessmen escorted him around Seoul.

Perhaps most significant, the temporary consul, Mr. Osinkin, visited the Korean Trade Promotion Corp. and discussed establishing official trade relations, Korean officials said.

Most Koreans feel far closer in their cult.

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## Kiosk

### House Votes On Executions

WASHINGTON (UPI) — The House of Representatives rejected a tough alternative to the death penalty Thursday and approved a Republican measure that would permit the execution of persons convicted of murder committed during narcotics-related crimes.

The House voted, 299 to 111, to allow federal prosecutors to pursue capital sentences against those who intentionally killed a police officer or other person during a drug felony.

The vote was a major defeat for opponents of the death penalty, who had sought a mandatory life sentence.

## Air Industry Seeks Better Facilities

**By Barry James**  
*International Herald Tribune*

FARNBOROUGH, England — Senior representatives of airlines and airports appealed to governments Thursday to increase airport capacity and improve coordination of air traffic to deal with an expected worldwide doubling of air passengers over the next decade.

They warned that unless measures were taken immediately to improve coordination of air traffic control and expand the runway and terminal capacity of airports, the summer of 1988 would be a mild example of the chaos that could develop toward the late 1990s.

"We are not thinking in large enough terms and we are simply not building enough infrastructure," said Clifton Moore, chairman of the Airports Association's Coordinating Council, which represented more than 400 airports in 105 countries. "Unless we do a better job to meet the shortfall, you can expect to have to wait for airline seats and have a black market in tickets."

Officials of the Coordinating Council, the International Civil Aviation Organization and the International Air Transport Association met in London this week as part of a task force that is trying to find solutions to congestion problems.

They reported on the meeting during a news conference at the Farnborough air show, where manufacturers are vying for a market that analysts say could absorb at least 2,000 civil airliners between now and the end of the century.

The meeting was largely devoted to problems in Europe, where traffic is growing at an annual rate of 10 to 12 percent. The traffic is expected to expand even more quickly after the creation of a unified market in 1992.

But the system already has reached virtual saturation during a season that Norman Jackson, head of IATA's technical department, said "must never again be allowed to happen."

The skies were so crowded that a flow control system introduced this spring for emergencies in Europe is having to be kept permanently in place for eight months this year. The system means that a plane cannot depart until it is guaranteed a takeoff slot, a landing slot and a slot in an air corridor.

The task force surveyed 62 air-

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## U.S. Plans a Simpler and Cheaper SDI

**By John H. Cushman Jr.**  
*New York Times Service*

WASHINGTON — The director of the U.S. anti-missile program has prepared a proposal that would cut spending substantially but would preserve the Reagan administration's goal of deploying the system, including the first weapons in space, in the late 1990s.

The proposal by Lieutenant General James A. Abrahamson calls for continuing work on developing a space-based anti-missile system by simplifying the design of the weapons that would be deployed in space.

The change, he said, would cut tens of billions of dollars from a program that has been estimated to cost nearly \$120 billion.

This would address concerns raised by both presidential candidates and many people in Congress about the expense of the program.

But it would not answer the deeper concern, expressed mainly by Democratic opponents, that the entire program should be scrapped because it is unrealistic or a threat to arms control agreements with the Soviet Union.

General Abrahamson, an air force officer, has managed the Strategic Defense Initiative since its inception five years ago. In an interview Tuesday, he first in several months, he seemed to be trying to head off the criticism that the program was too expensive to sustain at its present level of research.

He said cost savings are attainable through changes in a few major components, including modifications to the space-based anti-missile rockets that would be the program's most expensive element.

President Ronald Reagan has made the anti-missile program, known popularly as "star wars," his highest military priority. But Congress has consistently cut the administration's budget requests for the program.

Mr. Reagan vetoed a bill last month on military programs for 1989, objecting to restraints in the bill on the anti-missile system.

And George Bush has made his support for the program — and Michael S. Dukakis' opposition to it — a major element of his campaign even though the vice president has expressed concerns about the potential cost of the program.

Some advisers have urged Mr. Carlucci to reshape the program fundamentally, perhaps beginning with ground-based interceptor rockets without committing the Pentagon to putting weapons in space.

But General Abrahamson said it was too early to decide whether a modest, ground-based defense should be deployed. This possibility, which might provide limited protection against small-scale or accidental missile strikes, has been

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George Bush speaking in Baltimore, where he reversed his stand on the minimum wage. Michael S. Dukakis shifted on SDI Page 3.

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**General News**  
Debate among Polish leaders on the future of Solidarity has spilled into the open. Page 6.

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**Business/Finance**  
Britain proposed a sales tax collection method that would not require other EC nations to harmonize rates. Page 15.

**Dow Close**  
The Dollar in New York  
Down 2.67  
DM 1.8445  
Pound 1.7005  
Yen 133.60  
FF 6.286

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A worker setting up one of many restaurant stands at the Italian Communist Party's annual fair, taking place near Florence.

## A Packed Fair in Italy

### For a Slipping Party

**By Roberto Suro**  
*New York Times Service*

CAMPI BISENZIO, Italy — As a full moon rose big and yellow over the Tuscan hills, streams of people began making their way from parking areas in bulldozed corn fields to a little city of circus tents where the largest Communist Party in the West is celebrating its identity crisis.

Held at the end of the summer in a different city every year, the Italian Communist Party's Festa Nazionale dell'Unità resembles a big county fair except that there are no animals, no rides and no cotton candy. But hot dogs of a sort are available at a stand run by an East German chef who has been volunteering his services to every Communist fair since 1975 as an act of solidarity with his Italian comrades.

Packed with speeches and debates, part of the fair is always a partisan pep rally. This year some five million people are expected to visit the fairgrounds in a suburb of Florence for a gathering more important than any others in recent years. The fair began Aug. 25 and ends Sept. 18.

While doing a lot of eating, drinking and dancing, the party is trying to decide what it means to be a Communist in one of Europe's most prosperous societies.

It is the Communist's first major event since a new party leader, Achille Occhetto, took over in June, promising a "new course" of renewal to recover from a series of election defeats.

From the fair's 140-page official program clear hints emerge about what the party no longer wants to be. The party's hammer-and-sickle symbol does not appear once, perhaps in deference to a lively dispute over proposals to dispose of it permanently. The word communism is not used once in nine essays explaining the fair's political content.

Italy's new communism seems even harder to find

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Trade Bill Advances In Senate

Limits on Textiles Expected to Pass

By Clyde H. Farnsworth

WASHINGTON — A bill to limit the growth of imports of textiles, clothing and shoes has cleared a major hurdle in the Senate, virtually assuring its passage and setting the stage for another election-year trade confrontation with the Reagan administration.

The Senate voted Wednesday, 68 to 29, to restrict debate on the measure, which would allow imports of textiles and clothing to increase 1 percent a year, compared with the 16 to 17 percent annual increases of most of this decade. The bill would also freeze imports of nonrubber footwear at present levels.

The vote on the motion to limit debate was large enough to override a potential veto by President Ronald Reagan, if senators maintain their positions. A slightly different version of the bill has been approved in the House.

Mr. Reagan has not indicated his position on this measure, but he vetoed a more rigid curb on textile imports two years ago. That veto was sustained.

Sponsors of the textile measure have tried to make it more palatable in critics.

The modified bill does not mandate restrictions against individual countries, permitting greater flexibility in carrying out its terms.

The bill has been criticized by seven cabinet members and other senior administration officials. They have asserted that it would provoke retaliation against U.S. exports, hurt consumers and violate international obligations.

"The textile and apparel industry probably has the least persuasive case for further import protection of any major industry in this country," said a letter from the seven cabinet members to each senator last month.

But supporters of the bill say the textile industry faces a major crisis, following the closing of 1,000 textile plants and the loss of 350,000 textile jobs since 1980.

To appease farm groups worried about foreign retaliation against farm exports, the bill authorizes larger textile imports from countries that increase their imports of U.S. farm products.

About 20 farm organizations now support it.

Governor Michael S. Dukakis of Massachusetts has not yet had to declare himself. He has said, however, that if any industry can demonstrate injury from imports and a commitment to modernization, it should be granted short-term protection. These provisions are already part of trade law under the recently enacted Omnibus Trade and Competitive Act of 1988.

Mr. Dukakis's running mate, Senator Lloyd Bentsen of Texas, has long been a supporter of the legislation.

Dole Honors Quayle, But Doubts Linger

By Lisa Belkin

WASHINGTON — In one room, Senator Bob Dole of Kansas served chocolate brownies and fruit juice to the Republican vice presidential candidate, Senator Dan Quayle of Indiana.

Later, next door, Mr. Dole projected some doubt as to whether or not Mr. Quayle is an asset to the Republican ticket.

The occasion was a reception that Mr. Dole, the Senate minority leader, held for Mr. Quayle upon the nominee's first visit to the Senate since he was chosen — over Mr. Dole and several other politicians — as Vice President George Bush's running mate.

The more than a dozen Republican senators in Mr. Dole's office laughed and applauded when the Kansas senator presented a miniature fire extinguisher to Mr. Quayle, saying he could use it "to spray on the press from time to time."

In his remarks, Mr. Quayle said: "My first goal is to elect George Bush to be the next president of the United States.

My second goal is to send Bob Dole back to being majority leader."

The Republicans had a Senate majority before the 1986 elections but have been in the minority since.

After Mr. Quayle ate and ran, Mr. Dole fielded questions from reporters.

Asked whether he thought Mr. Quayle was qualified to be "a heartbeat away from the presidency," Mr. Dole replied: "Is he qualified compared to who? You can always find someone who's better in any business or any profession. There are others who have more experience, but I think Vice President Bush saw certain attributes that he thought would be helpful in getting him elected, so he chose Dan Quayle."

Asked whether he had revised his earlier opinion that Mr. Quayle was not an asset to the campaign, Mr. Dole said, "I think he's becoming an asset."

"Isn't he an asset yet?" a reporter asked.

"Becoming," Mr. Dole replied, then smiled, turned quickly and walked away.



Senator Dan Quayle

Dukakis Tones Down His Language In Opposing Missile Defense Plan

By Edward Walsh

LOUISVILLE, Kentucky — Governor Michael S. Dukakis, attempting Thursday to counter Republican attacks on his defense policies, softened the tone of his opposition to the Strategic Defense Initiative, the Reagan administration's space-based anti-missile defense system.

At a news conference here following a well-received speech to the American Legion's national convention, the Democratic nominee for president started reporters by saying that he was "not opposed" to SDI, which he has repeatedly described as "a fantasy," or to modernization of land-based or cruise missiles.

By the end of the news conference, it was clear that there had been no substantive shift in Mr. Dukakis's position on these issues but a shading of his rhetoric in response to charges by Vice President George Bush, the Republican nominee, that his policies would weaken national security.

In his speech, Mr. Dukakis reiterated his call for strengthening America's nonnuclear conventional forces and attacked the administration for attempting to cut veterans' benefits.

The Strategic Defense Initiative, or "star wars," is one of Mr. Dukakis's favorite targets on the campaign trail. Decrying the budget priorities of the current administration, he has frequently said, "We need star schools, not star wars."

As recently as Wednesday he referred to the plan as "fantasies in the sky" and suggested that money earmarked for the system would be better spent on urban development grants.

But Thursday, when asked why he did not mention the system during his convention speech, Mr. Dukakis emphasized his support for continued SDI research, though at a much lower level than President Ronald Reagan has proposed.

"I said he was 'not opposed' to SDI or to modernizing the land-based missile force."

"But before we commit billions or trillions of dollars to star wars," he said, "we've got to do research to tell us whether or not the system can work and whether or not it's essential to our national defense. I'm for continued research."

The Massachusetts governor has long advocated an annual research budget for the program of about \$1 billion, compared with the \$4.5 billion that Mr. Reagan asked for this year.

Asked if he would deploy the system if research showed it would be effective, Mr. Dukakis said, "If I made a judgment and Congress made a judgment that it was essential to our national security, then obviously we would proceed."

But Mr. Dukakis also made it clear that he still opposed testing or deployment of SDI unless the Soviet Union moved to deploy its own system first. He said that testing and deployment would be "illegal" under the 1972 Anti-Ballistic Missile Treaty with the Soviets and that continued U.S. compliance was in the best national interest.

James Steinberg, a deputy issues adviser in the campaign, said Mr. Dukakis was trying to counter Republican assertions that he opposes all aspects of the space-based defense system and an nuclear force modernization. That effort will continue next week in a series of speeches that Mr. Dukakis promised will set out his defense and foreign policy views "in great detail."

■ Dates for Debates Set

The Bush and Dukakis campaigns said Thursday that they had agreed to hold two presidential debates, the first on Sept. 25 and the second on either Oct. 13 or 14, The New York Times reported.

They also agreed to hold a vice-presidential debate in the week of Oct. 3.

■ Educators Back Dukakis

The 19 million-member National Education Association endorsed Mr. Dukakis on Thursday, The Associated Press reported from Washington.

The president of the association, Mary Hatwood Futrell, predicted that Mr. Dukakis would end "eight years of teacher bashing and budget cutting." She also said she looked forward to "substantial increases in federal funding for public education" in a Dukakis administration.

Mr. Dukakis was the choice of 86 percent of some 6,200 union activists who returned mail ballots. Mr. Bush got 14 percent.

Bush Now Backs Bigger Minimum Wage

By David Hoffman

WASHINGTON Post Service

WASHINGTON — Vice President George Bush, competing for working-class votes, has reversed a long-held position and says he now supports an increase in the minimum wage.

The Republican presidential candidate said in an interview Wednesday that he would soon propose "some adjustment" in the minimum wage, which is now \$3.35 an hour and has remained unchanged for seven years.

His move appears to be an effort to neutralize charges from the Democratic nominee, Governor Michael S. Dukakis of Massachusetts, that Republicans have been insensitive to the hardships felt by working-class voters.

Mr. Bush did not say exactly how much of an increase he would propose, but he indicated it would be a compromise between legislation pending in Congress and the administration's position of rejecting an increase.

A House bill would raise the minimum to \$5.05 an hour by 1992, while a Senate version would raise it to \$4.55 by 1991.

Mr. Bush also said he might try to negotiate a new anti-ballistic missile treaty with the Soviet Union that would allow deployment of space-based missile defense systems.

The vice president's comments came on a day in which he startled a convention of veterans in Louisville, Kentucky, by mistaking the date of the attack on Pearl Harbor. The gaffe came when Mr. Bush, a World War II Pacific combat veteran, appeared Wednesday before the American Legion's 70th annual convention. Departing from his prepared text, he declared: "Today, you remember — I wonder how many Americans remember — today is Pearl Harbor Day. Forty-seven years ago to this very day we were hit, and hit hard, at Pearl Harbor. And we were not ready. In a Bush administration, that lesson would not be forgotten."

The audience stirred and thousands of Legionnaires murmured in the convention hall, Pearl Harbor Day — a day that President Franklin D. Roosevelt said would "live in infamy" — is Dec. 7. Mr. Bush went on for a few more sentences before he apparently spotted someone trying to correct him.

"Did I say Sept. 7?" he asked. "Sorry about that — Dec. 7, 1941."

East Germans Flee in Canoe

BAD BRAMSTEDT, West Germany — A father and son from East Germany crossed to West Germany by paddling through the night in a canoe on the Baltic Sea, reaching the West German island of Fehmarn early Thursday.

The audience applauded and Mr. Bush added, "I'm glad I corrected that. I saw this guy shaking me off out here."

Meanwhile, a Washington Post-ABC News poll completed Tuesday showed that Mr. Bush was leading Mr. Dukakis, 51 to 43 percent. The survey of 1,104 likely voters also suggested that the so-called gender gap may have closed, with women voters dividing about equally between the two candidates. Among men, however, Mr. Bush held a 56-to-38 percent lead.

Later, addressing a convention in Baltimore of the Anti-Defamation League of B'nai B'rith, an organization that fights anti-Semitism, Mr. Bush referred to a statement Mr. Dukakis made earlier this year in which the Massachusetts governor left open the possibility that he would accept a Palestinian state.

On April 11 in New York, Mr. Dukakis said, referring to the issue of an independent Palestinian state, "It's the parties who are negotiating who have to make those judgments." Mr. Dukakis later modified this and said that "as a practical matter," a Palestinian state could not happen if Israel and Jordan rejected it.

Mr. Bush told B'nai B'rith that he would "never recognize a unilateral declaration of a Palestinian state or government in exile," which is said to be considered by some Palestinians.

The Reagan administration policy has been to reject the prospect of a separate state and advocate a Palestinian homeland on the West Bank in confederation with Jordan, a plan that has never materialized.

"I have made very clear that I am opposed to an independent Palestinian state," Mr. Bush said. "Such a state would be a threat to the security of Israel and of Jordan, which is crucial to any lasting settlement of the conflict. And, I would add, it would also be contrary to America's interests."

Meanwhile, the weekly Washington Jewish Week announced publication of an article showing that an ethnic coalition appointed to the Bush campaign includes "an anti-Semitic and Holocaust revisionist as well as people with apparent fascist associations."

The weekly said some members of the coalition had been "longtime agitators" against the Office of Special Investigations, the Nazi-hunting unit of the Justice Department.

In his remarks to B'nai B'rith, Mr. Bush pledged to support budget increases for the office and said he was committed to its work.

Cartier advertisement featuring a watch and the text 'Santor de Cartier' and 'TÜRLER'.

Church-State Feud Slows U.S. Child Bill

By Linda Greenhouse

WASHINGTON — The effort in Congress to provide day care for millions of young children of working mothers has become mired in one of the oldest debates in American life: where to set the boundaries between church and state.

Election-year momentum propelled the major Democratic proposal for federally financed child care through committees in both houses before the August recess.

But the touchy church-state issue now threatens both the momentum behind the bill and the unity of the largely liberal coalition that has sponsored the measure.

Of the two million children who spend part of each day in a day-care center, a third are in programs run by religious institutions. Churches are the country's single largest provider of center-based day care.

So, defining a role for churches is inevitably a part of any federal child-care initiative. Yet, the constitution does not provide clear answers to such questions as:

• What limits should be placed on the ability of churches to use federal funds to enhance what is, for many, an essential part of their religious mission?

• Should a church that receives public funds be left free to hire or not hire whom it pleases, to exclude children of other faiths?

• How are restrictions to be monitored?

• When do restraints, intended to guard against official sponsorship of religious activity, become undue burdens on religious liberty?

The debate has been simmering since early in the year, when a coalition of some 100 groups, organized as the Alliance for Better Child Care, began a drive for passage of the \$2.5 billion measure.

The controversy broke into the open in the last few weeks, after the Senate Labor and Human Resources Committee and the House Education and Labor Committee approved identical versions of the bill that dropped some of the principal church-state barriers included in earlier drafts.

The bill would channel money to the states, which would devise their own child-care programs, within certain federal guidelines.

As originally drafted, the bill placed fairly severe restrictions on church use of federal funds for day-care programs.

All visible religious symbols would have to be removed from classrooms, the programs would have to be open to all children and staff members would have to be hired without regard to religion.

These terms, deemed essential by some members of the coalition, were unacceptable to the U.S. Catholic Conference, whose support was regarded as vital. The sponsors went back to the drawing boards.

As reported in both houses shortly before the August recess, the bill's religious provisions were changed substantially.

Church-based centers did remain barred from engaging in "any sectarian purpose or activity" if they accepted federal funds.

But the provisions dealing with

removing religious symbols were dropped. So was the prohibition against religious discrimination in employment.

Advertisement for 'The Dusit Thani' hotel in Bangkok, featuring the text 'In Bangkok, your preferred choice is The Dusit Thani'.

Condom Faults Blamed on Smog

CHICAGO — Smog apparently punches holes in condoms, a study reported Thursday. The culprit is ozone, a major component of air pollution and a naturally occurring by-product of electrical storms, according to the report, published in the Journal of the American Medical Association.

Researchers from the University of Southern California School of Medicine said they exposed 20 un-packaged, partly unrolled latex condoms to an ozone level similar

to what would trigger a first-stage smog alert in southern California. After 72 hours only two of the condoms appeared intact while 18 had "obvious perforations," the study said.

The study said normal packaging would probably protect condoms from ozone, but added that the new finding could be significant in many developing countries, where condoms are sold in bulk packages and circulated without individual wrappers.

Advertisement for 'ADVERTISING SALES EXECUTIVE' position at International Scientific Communications (UK) Ltd.

Advertisement for 'Now Printed in New York For Same Day Service in Key American Cities' by International Herald Tribune.

Large advertisement for 'BDO BINDER' with the text 'Worldwide, we've now put BDO before our names.' and 'INTERNATIONALLY BDO BINDER'.

The Gasing of the Kurds

Iran and Iraq, though far from peace, are no longer shooting at each other in the Gulf. But behind the lines both are taking grim and quiet vengeance against those of their citizens who worked with the other side during the war.

A future "Kurdistan." That involves not just rooting out the now-isolated resistance but intensifying a campaign that has seen destruction of 1,000 Kurdish villages, relocating ("reorganizing") perhaps a million Kurds of the mountainous north and driving tens of thousands of Kurds into Turkey.

China's Missile Business

China's sales of long-range missiles to Middle Eastern governments increase all of the obvious dangers there. Frank Carlucci, the U.S. secretary of defense, brought up the missile business in his talks this week with the Chinese.

of missiles: the United States, the Soviet Union and Western Europe. But those governments are becoming uneasily aware that, as a threat, the missiles rank second only to nuclear weapons.

Who'll Pay the Textile Bill

With U.S. textile factories running full tilt and profits booming, it's hard to imagine an industry less able to justify extra protection from foreign competition.

effect has been minimal; most workers have been absorbed by other industries. Domestic production of cloth and apparel has reached record levels and the textile industry is operating at capacity.

Other Comment

Dammed If They Don't in Asia Regional discussions need to be held on the building of dams in South Asia. Dams could be a vital part of Nepal's economic development.

future generations, a determined start must be made on a regional plan for water management. The only alternative is death and destruction on a mass scale for Bangladesh.

A Threatened France Must Retreat to Europe

By Dominique Moisi

PARIS—French decision-makers have to confront some unpleasant choices if French foreign policy is to escape its "schizophrenia" between discourse and reality, because in spite of a changing international environment, the country is a prisoner of a successful rhetoric.

extreme left in the recent elections because they felt excluded from a process of modernity and openness to Europe, have rejected such a path. Europe is the source of their anxiety, but it is, ultimately, the only answer to their fears.

OPINION

Suppression Will Never Gain Peace

By Anthony Lewis

BOSTON—Suppose that during Britain's mandate over Palestine, in the years before 1948, British officials had shut down a Federation of Jewish Charities, calling it a front for Zionism.



CARPIES

Left and Right, Ideology's Charms Fade

By William Pfaff

PARIS—The political right is in disarray in France, but it is not so well-arranged in Britain either—and the left is in uncertain condition in both countries, as it is West Germany.

divided. Raymond Barre, a former prime minister, is conditionally willing to cooperate with the Socialist government and President François Mitterrand.

An Israeli Soldier Defends His Army of Occupation

By Louis Rapoport

JABALIYA, Israeli-Occupied Gaza Strip—I recently spent 30 days on reserve duty with the 39th Defense Force here, where the Palestine Defense Corps, or PDC, is based.

nails imbedded in a discarded sandal, nails in a crushed plastic soft-drink can, nails along a strip of barbed wire, or in an orange. We had 50 flat tires in 10 days.



PHOTO BY AP/WIDEWORLD

The dozen men in the reserve company I serve with, and the hundreds in our battalion, and the dozens of paratrooper, border-police and other regular army units that also patrol Jabaliya, are portrayed by the Israeli and world media as part of a Goliath machine combating little David with his puny stones.

I saw with my own eyes how men send children to the front, quite willing to sacrifice others, knowing that the 9-month-old who loses an eye to a rubber bullet will make headlines around the world, and that no one will question the responsibility of the infant's mother, or of the Palestinians who invite such incidents.

wasn't the Jews who did this to me." I saw several of our soldiers stop hotheaded Israelis from hitting bound and blindfolded prisoners.

inians and a total Israeli withdrawal from the West Bank and the Gaza Strip. These journalists are political animals who put their stamp on every sentence they submit about the territories. I wonder about the overall picture they present, and the impression they convey of a once-noble Israeli army turned into brutalizers of children and freedom fighters.

I rode in the back of the jeep as Roni, the captain of our company, roared down a side street in pestilential Jabaliya, pursuing a mob of stone-throwers. He tore through a putrid-smelling puddle. This putrid-smelling puddle, this putrid-smelling street, this putrid-smelling town, we were covered in it. It seemed to be a perfect commentary. It also was the only time I had ever seen our captain, a grim young ex-paratrooper, smile.

The mother of one of the two 9-month-olds who lost eyes in two separate incidents in Jabaliya in May and June proudly announced to the press that her daughter would become "the Moshe Dayan of the Palestinian revolution." One Jabaliya father told us he was prepared to sacrifice a couple of his nine children because there "is no other hope," and because the PLO would compensate all martyrs.

During one week in the middle of my tour, our security forces backed by the army rounded up three terrorist cells in and around nearby Gaza towns. One of these groups was about to launch a suicide bomb attack on the throngs of people at the Tel Aviv Central Bus Station.

These territories are the price paid by the Arabs for constant war against Israel. They can't get the land back by burning tires, or burning down forests in Israel, or becoming the darlings of the world media. Israel will not be so easily defeated.

The default youths encourage the chase, the cat-and-mouse game. They have laid traps all around—on one occasion a bomb planted, waiting for the arrival of our patrol. Nails are a weapon aimed at the big tires of the army vehicles; nails hammered into the tarmac, with the heads out off;

Many of the left-wing reverts in my unit, who believe as I do that we must arrive at a territorial compromise with the Palestinians, had no "psychological problems" arresting suspects or pursuing people whose aim is to kill or maim as many Israelis as possible. Yet one reads constantly in the Israeli media that hundreds of Israeli psychologists are alarmed about the growing risks to the country's mental health, that it's not the same army that it used to be, that the army's actions are "inhuman." All of us in Company A—left, right and center—were astonished at the difference between what we saw firsthand and what we read in the media. We all felt that the media distortions were immense. With very few exceptions, Israeli journalists all favor an immediate settlement with the Pal-

The writer, an Israeli who was born in the United States, now lives in Jerusalem. He most recent book, "Confrontations: Israeli Life in the Year of the Uprising," will be published this fall. He contributed this comment to The Washington Post.

1913: A Fortunes Tax

NEW YORK—Confiscatory theories on the subject of swollen fortunes were ventilated in the Senate (Sept. 8), as the result of an amendment to the Income Tax provision of the Tariff Bill, proposed by Senator Norris, who dwelt on the fact that Mr. Vin-

100, 75 AND 50 YEARS AGO

1888: Foul Murder LONDON—The Metropolitan has rung with the cry of murder today, murder of the foulest and most brutal kind, a sin on nineteenth century civilization. Our women tremble at the awful details, and our men thirst for the blood of the dastardly assassin.

1913: A Fortunes Tax NEW YORK—Confiscatory theories on the subject of swollen fortunes were ventilated in the Senate (Sept. 8), as the result of an amendment to the Income Tax provision of the Tariff Bill, proposed by Senator Norris, who dwelt on the fact that Mr. Vin-

cent Astor has inherited \$80,000,000. Mr. Norris argued in favor of the enactment of a graduated inheritance tax beginning at 1 percent, on legacies of \$50,000, and rising to 75 percent on inheritances above \$50,000,000. Sixty million dollars taken from Mr. Astor's fortune would still leave him \$20,000,000, which Mr. Norris contended was ample.

1938: Uniting Nations GENEVA—For the first time in the history of the League of Nations the United States will be represented by an official observer at the Council meeting at Geneva opening Sept. 9. American delegates and observers have taken part in several conferences convoked by the League in the past, but the United States government has never before sent an observer to an Assembly or Council meeting. It is stressed, however, that this should not be interpreted as "direct participation" in the work of the Council or Assembly as America is not a member.

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OPINION

Just a Word of Gaelic Serves as a Defense

By Hans Koning

DUBLIN—Dublin has taken on the new London bus design: no open platforms, no ticket collector, pay as you enter...

ting in the back bar of the Clarence, a pleasantly old hotel on one of the Dublin quays (pronounced "keys").

MEANWHILE

Irish unemployment rate, 18.5 percent, was not made any worse. No doubt this mix could be worked into a profound metaphor for life in modern Ireland.

The great weight of England in Ireland's economic life explains that it is modernizing along English lines and that both the modern glitzer and its modern lawlessness look English.



"And here we are at the bottom of Boston Harbor, talking with Governor Dukakis about environmental concerns."

Some Advice For Dukakis On Debating

By William Safire

WASHINGTON — A week ago, I raised an eyebrow at the way the Michael Dukakis crowd had used the job-creating credit of the State of Massachusetts to set up a "telemarketing" operation that was used to raise money for the Dukakis campaign.

In return, some advice to the Duke on the televised debates: 1. Counter the Republican expectations game. Everyone in the Bush camp is pumping out the line that you are a world-class debater and Poor George is a terrified lamb being led to the televised slaughter.

2. Drop your insistence on having the first debate on foreign and defense affairs, the next on domestic matters. The Bush camp knows you need to quickly establish your foreign-affairs and defense bona fides.

3. If you are squeezed into a low seat-in-use lesson, make demographic lemons. Mr. Bush is angling for a small audience by arranging the debates, during the Olympics or World Series or football games.

You cannot do this with your inky child-care position, endorsing centralized standards "in concept" — while Mr. Bush presents his attractive alternative to pay off grandma and to reward the poor for having kids.

4. Don't let them stand you on a box. Every photographer in the world wants the picture of you trying to close the stature gap; they'll be crawling behind the stage to shoot any hidden podium or elevated heels.

Cross 'em up by lowering your lectern. Quote James Madison, who was not too short to father the Constitution; confess to having exaggerated your height (I suspect that your claim of 5 feet 8 [1.7 meters] on your driver's license is a bare-foot lie).

5. Never lose sight of the Forgotten Question. Whatever the subject, come back to the double-barreled blast the Bush forces dread most: "Why did you advise the president to pay arms ransom to the Ayatollah, and why aren't you

man enough to admit having urged Ronald Reagan to commit what turned out to be the worst blunder of his life?" No matter how often he dunks you in the pollution of Boston Harbor, or how unfairly he impugns your patriotism with the "pledge issue," or how difficult it is for you to decide on a mobile missile to facilitate arms reduction, or how inept your staff is in exploring the anniversary that falls on Oct. 19 — keep your eye on the Forgotten Question. It could make all the difference in the first debate.

I feel perfectly safe in offering this good advice. You will consider the source, Mike, and let it go by. The New York Times.

LETTERS TO THE EDITOR

Palestinians and Terrorism

All of a sudden, Palestinian Arabs are crying out for a partition arrangement on the lines of all those who have rejected over the years. Perhaps Hisham Sharabi ("Here's What Shamir Says is In-Sane," Aug. 19) was correct when he wrote that the uprising has changed Palestinian thinking.

They want an independent state. Fine, let them spurn terrorism, redefeat the PLO Covenant and find a way to meet directly with Israel.

Regarding "An Unfortunate Invitation" (Letters, Aug. 17)

Robert Goldman writes that the PLO's "Armed Struggle" — its euphemism for terror, far exceeding the bounds of guerrilla warfare against military or administrative targets — is its "raison d'être."

When will King Hussein abdicate from Palestine east of the Jordan as he has from Palestine west? The Palestinian state and the parliament already exist in Amman. The problem is one man, not wanted by his citizens but only appreciated by Western countries, which to date have not been very aware of what really goes on in the Middle East.

Why Aren't They in Ties?

Your recent front pages have displayed photographs of the Iranian delegation in Geneva, all dressed in Western suits, but tie-less. Can someone clarify the significance of this? Iran's representatives used to be remarkable for their Western-style elegance.

Believe me, the Russian who was frustrated in his attempt to purchase "American" pizza in Moscow was very lucky. I experienced this pizza at the same place in mid-August, and it is the worst junk I have ever put in my mouth.

Unmade, Thanks to Japan

On Aug. 22 you published a photograph of a backhoe demolishing the podium used by the Republicans at their convention in New Orleans. The picture was captioned, "The Final Gavel." The backhoe bore the name Mitsubishi. Symbolic perhaps?

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GENERAL NEWS

Fires Evoke War Scenes At Yellowstone Park

By T.R. Reid and Cass Peterson

YELLOWSTONE NATIONAL PARK, Wyoming — The road signs say this is Wyoming and the calendar says this is 1988, but the sights, sounds and smells here amid the raging, windblown wildfires of the Yellowstone Basin bring to mind other times and places — say, Danang in 1968.

The mountain roads are full of camouflage-green army transports carrying fire fighters to the front lines. Above the acid, soupy pall of smoke that hangs low over the treetops can be heard the whirring of Chinook helicopters, tracking the advancing foe with infrared imagery and dropping napalm-like jellied gasoline to start backfires at strategic points.

Flame-retardant foam protected most of the structures from damage, but a main entrance shed was destroyed. The fire burned to within a half-mile of the historic Old Faithful Inn, where 800 lodgers had been evacuated earlier in the day, although day visitors were allowed to make their rounds.

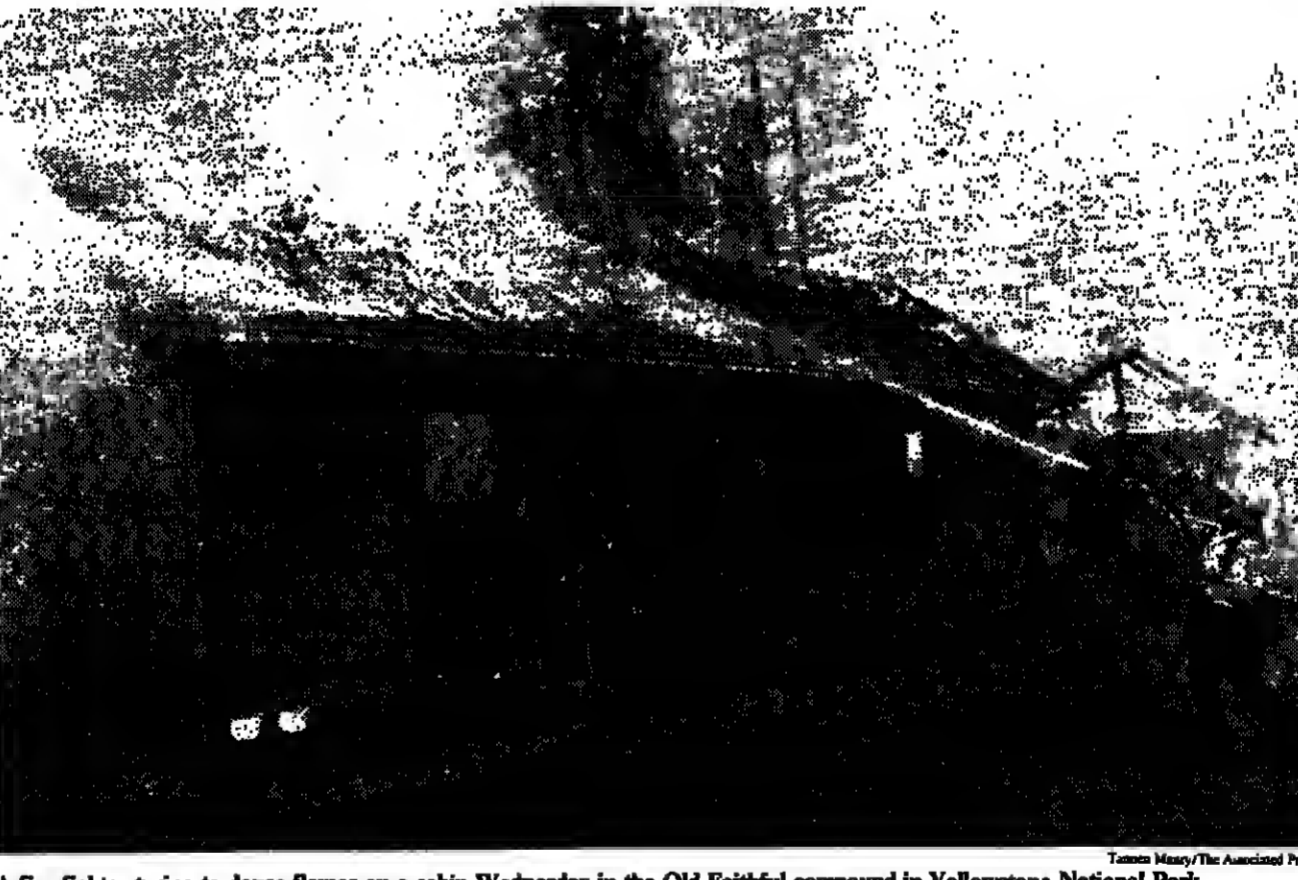
fires raging through Yellowstone National Park were essentially beyond human control.

"We may actually end up by having at least half of Yellowstone Park attacked by fire," Mr. Mott said. "We cannot control the situation until we get some moisture."

Seven fires continued to burn in and around the park Wednesday night. The enormity of the combined blazes here can be reckoned by the reach of their fallout.

In Billings, Montana, about 75 miles from the nearest fire, the weather forecast called for "partly smoky." Nighttime drivers could see particles of ash falling like snowflakes before their headlights.

Some residents of the area expressed anger at the National Park Service, which followed its normal procedures and let the fires burn naturally when they broke out last month. A motel in Red Lodge, Montana, north of the park, captured the mood nicely when it posted a sign reading "Let-It-Burn Policy Victims' Discounts Here."



A fire fighter trying to douse flames on a cabin Wednesday in the Old Faithful compound in Yellowstone National Park.

Court Hears of 'Frenzied Attack' on IRA

Compiled by Our Staff From Dispatches: GIBRALTAR — British commandos made a frenzied attack on three Irish nationalist guerrillas, possibly firing into their prone bodies after felling them in a hail of gunfire in Gibraltar last March, a Coroner's Court pathologist said Thursday.

"It was like a frenzied attack," Alan Watson, the pathologist, told the inquest during its third day. He added that 16 to 18 bullets were pumped into one of the unarmed Irish Republican Army guerrillas.

Mairiad Farrell, Daniel McCann and Sean Savage died from gunshot wounds in the back and head, the pathologist said. Under examination by a lawyer for the guerrillas' families, Patrick McGrory, Mr. Watson agreed it was possible they had been shot again as they lay bleeding on the ground.

Asked if Ms. Farrell could have been on her face when she was shot three times in the back, Mr. Watson replied: "Yes." He said Mr. McCann had been shot twice in the head and twice in the back. The wounds caused by any one of three of those bullets would have been enough to kill him, he added.

Burundi Massacre Will Not Affect U.S. Aid

WASHINGTON — The Reagan administration is not considering cutting or re-assessing economic aid to the minority Tutsi government of Burundi, according to the State Department, despite the recent massacre of an estimated 20,000 people of the majority Hutu tribe.

A State Department spokesman, Charles E. Redman, said Wednesday that there was no change in the status of the aid program.

"It is clear to us that the government forces committed atrocities against civilians, and we condemn this," Mr. Redman said. "We continue to seek first-hand information on what actually happened."

A spokesman in the Office of Central African Affairs said that Burundi, with a population of about 5 million, receives more than \$5.6 million in U.S. aid. Apart from aid that the country receives from Western donors, it is the World Bank's largest per-capita recipient of low-interest loans.

EUROPEAN TOPICS

Letting the Elderly Do the Risky Work

On-site investigation of nuclear disasters should be a job for the old, not the young, says Sir Frederick Warner, 78, a British scientist. True to his word, Professor Warner has organized a group of elderly volunteers who would offer their services in the event of another disaster like the 1986 nuclear explosion at Chernobyl in the Soviet Union.

The group, tentatively called "Volunteers for Ionizing Radiation," consists of 100 British scientists and engineers, all eminent and all at least 65 years old.

Professor Warner wrote to fellow scientists asking if they would volunteer to investigate accident sites in a nuclear disaster. Among several of the women who volunteered was Dorothy Hodgkin, 78, winner of the 1964 Nobel Prize in Chemistry.

The British government, Professor Warner said, has pledged to review its emergency policies for nuclear disasters but has not yet produced an operations plan. The issue should come up in Parliament this fall, and members of the House of Lords who are volunteers will ask the government whether it intends to accept the group's offer.

Paris Police Identify Mystery Night Flier

One of the "black barons," mystery pilots who flew small aircraft over Paris at night several times this summer in violation of minimum-altitude rules, has been identified, according to Pierre Joux, the French interior minister.

"This one who appeared on television, I know who he is," Mr. Joux said in a radio interview Wednesday, referring to a masked man interviewed on French television the previous night. Mr. Joux said the first night flier had been imitated by others and police were still trying to track them.

The self-proclaimed mystery pilot appeared on television after it was announced that the government would discontinue special police and air force surveillance because it was too costly. Since early August, policemen had been perched atop Paris' high buildings at night while army helicopters hovered over the city. The masked man said he "got a kick" out of his excursions and would make another one at the end of this month.

Mr. Joux did not name the suspect, but the Paris newspaper Le Monde said police considered Albert Maltret, 52, a pilot who landed a light plane on the Avenue des Champs-Élysées in August 1986, to be the self-proclaimed "black baron."

Sytske Looijen

Debate Among Polish Leaders on Solidarity Spills Into Open

By Jackson Diehl Washington Post Staff Writer WARSAW — The Polish leadership is showing signs of a potentially crippling internal conflict as it faces the country's deepening economic crisis and debates what concessions to make to the opposition. Since authorities stopped an 18-day strike wave, Poles have seen public disputes within the highest ranks of the ruling Polish United Workers' Party. There also is evidence of a rebellion by the party's lower-level apparatus against dialogue with the banned Solidarity trade union.

Other member, Zbigniew Messner, from his job as prime minister. Mr. Miodowicz has adopted a public stance against Solidarity and trade union pluralism that differs from that expressed last week by the economic chief of the Politburo, Wladyslaw Baka.

By statements this week by Politburo members and official spokesmen have set out a public policy position that appears to rule out any compromise. The contradictory signals from the leadership have left senior church and Solidarity officials puzzled and increasingly pessimistic about prospects for the "round-table" talks to reform that were promised by the government.

Asked by Western reporters last week about the apparent conservative trend at the central committee meeting, Mr. Baka replied that the party's propaganda had exaggerated its importance. Still, some independent politicians and church activists working to arrange the talks between the government and the opposition say they perceive a complex power struggle within the party. They say that both political conservatives and others opposed to economic reforms have sought to undermine the move toward concessions.

An economist involved in the talks, Andrzej Wielowieyski, said at a Solidarity meeting in Warsaw on Wednesday that the forces opposed to an agreement with the trade union are "on the attack."

Few political observers believe that the party struggle threatens the position of General Jaruzelski, who has ruled Poland since 1981. The general, who received a glowing public endorsement from Mikhail S. Gorbachev during the Soviet leader's visit to Warsaw in July, has not clearly aligned himself either with the liberals or the hard-liners.

U.S. Condemns Iraq, Citing Gas Warfare

WASHINGTON — The State Department accused Iraq on Thursday of "totally unjustifiable and unacceptable" use of chemical weapons against minority Kurds.

The United States is convinced that Iraq has used chemical weapons in its military campaign against Kurdish guerrillas, he said. "We don't know the extent to which chemical weapons have been used, but any use in this context is abhorrent and unjustifiable."

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Continuation of the article about Polish Solidarity movement and internal party conflicts.

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# Singapore

## Voters Choose 'Safety First' As Region's Patterns Shift

The September 3 elections have virtually ensured that Singapore's internal politics will not distract from the economic business at hand. The nation's high stability and investment-risk ratings remain intact and perhaps enhanced by the voters' decision.

The new leadership of the People's Action Party (PAP) has promised, and has begun, a consensus-seeking style of politics. Judging from the way votes were split in the election, they will have to work hard to achieve true consensus.

Although all but one of the 81 seats in Parliament went to the PAP, the party's 62.9 percent share of the total (valid and invalid) vote in the 1984 elections was reduced to 61.8 percent, or from 64.8 percent to 63.1 percent of valid votes. Three opposition candidates lost by narrow margins of only 1,112, 1,279 and 1,637 votes each.

But the balance of power remains with the PAP, as it has for almost 30 years. The people have voted for stability and the comfort of known quantities, a formula that has always brought them the full rice-bowl.

Foreign investors share that concern and will probably now breathe easier. They are unlikely to be worried by the slight shift in voter sentiment to the opposition.

The Economic Development Board's (EDB) target for new foreign investment commitments this year is the same as that achieved last year — \$1.7 billion (\$U.S. \$30 million) — and almost \$1 billion of

that has already come in. More than 80 percent of new investment commitments came from abroad last year and a quarter of Singapore's Gross Domestic Product comes from foreign business activity.

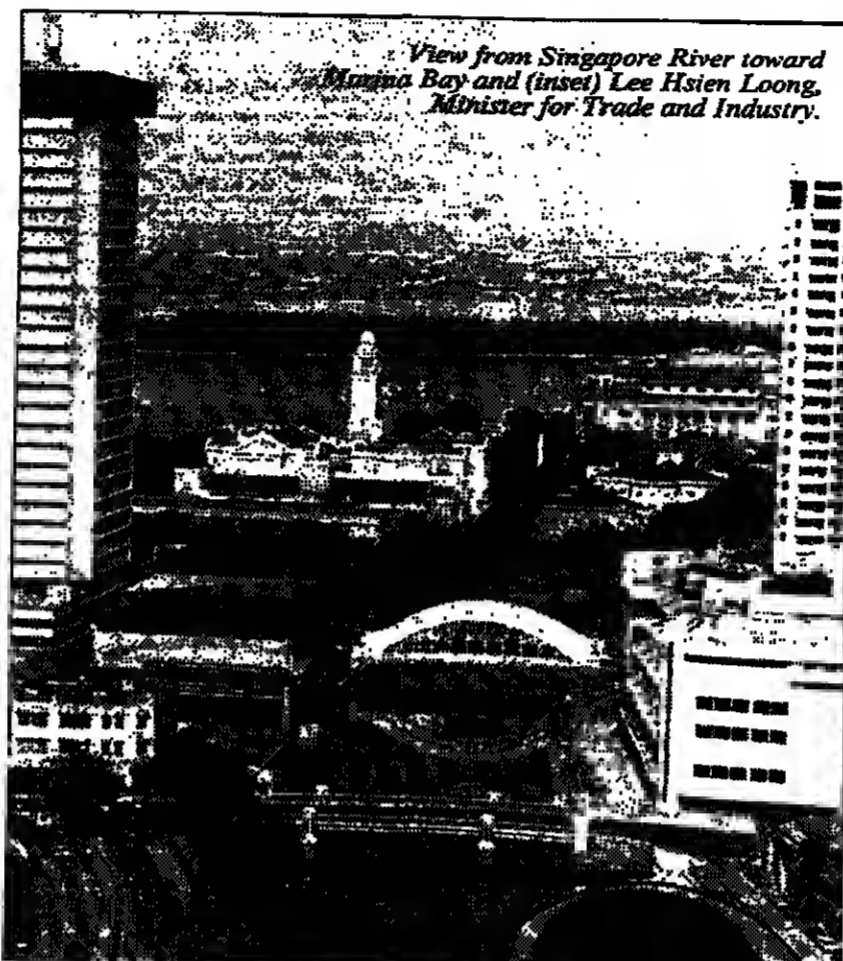
Any loosening of Prime Minister Lee Kuan Yew's control after his 65th birthday on September 16 — he has said that he intends to step down during his 65th year — no longer looks as worrying to investors as it once did.

The first Deputy Prime Minister, Goh Chok Tong, is already in place at the head of the new leadership, which Mr. Lee has been training for several years.

And Prime Minister Lee has made clear his determination to remain in control, from whatever position. Shortly before the elections were announced, Mr. Lee dismissed notions that he would ever really retire, saying: "Even from my sick-bed, even if you are going to lower me into the grave and I feel that something is going wrong, I will get up."

The younger leaders declared Mr. Lee "a national resource" during the election campaign. It remains to be seen what position, if any, will be created for him.

The election was held at a dramatic moment in the whole Asia-Pacific region, where a tide of unease has risen from sudden liberalization, and sometimes change, in watertight political systems. The trend is likely to accelerate into the 1990s. There is popular protest in Burma and South Korea, instability and insurgency in the



View from Singapore River toward Marina Bay and (inset) Lee Hsien Loong, Minister for Trade and Industry.

See Voters Page 10

## Banking: Discipline, Caution Keep Storm Damage Down

Regulation is the dominant theme in Singapore's financial sector. Under the watchful eye of the state, it is pursuing what J.Y. Pillay, managing director of the Monetary Authority of Singapore (MAS) called "our passion for discipline and probity."

The fact that Singapore's financial sector weathered the October 1987 stock market crash is largely due to the previous, localized crash triggered by the collapse of the Pan-Electric (Pan-El) group of companies in 1985.

This sobering experience allowed the government to push through disciplinary amendments to the Securities Industry Act, the ramifications of which are still taking effect.

The new law set higher paid-up capital standards, put ceilings on debt-gearing, limited single-client exposure and forced the accumulation of reserve-fund "safety nets" on stockbrokers.

Another "never again" measure, introduced last September, is the five-day settlement rule. Designed to curb short-selling, it may have deterred a few potential investors.

Stock Exchange President Mr. Lim Choo Peng still believes that there should be room for "a certain amount of speculation," so some version of the former one-month settlement system may be restored soon. If so, it is likely to maintain mandatory security margins.

Bankers too learned hard lessons during the Pan-El debacle. Last October's crash found total bank loans to stockbrokers at only \$105 million (U.S. \$51.34 million), compared with the \$1 billion exposure revealed by Pan-El. They amount to only about \$540 million now.

The "Big Four" local banks — DBS Bank, Oversea-Chinese Banking Corporation (OCBC), United Overseas Bank (UOB) and Overseas Union Bank (OUB), which had bailed stockbrokers out with a \$180-million life-line fund — were also allowed to set up stockbroking subsidiaries.

The government's current policy of privatization is intended as another, much needed market stimulant. For, as the Prime Minister's son, Lee Hsien Loong, Minister for Trade and Industry, remarked in July: "Singapore's domestic capital market still cannot be considered truly sophisticated. Last year, new issues in our domestic capital market averaged slightly more than four percent of our GNP."

Only nine counters are traded on the Stock Exchange of Singapore Dealing and Automated Quotation

See Banking page 8

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# Behind the Success Story: Hard Work, Determination

There are several beginnings to the Singapore success story. One is May 30, 1959, when the People's Action Party, which still governs today, swept to power in Singapore's first general election.

The following year the new government set up the Economic Development Board to promote industrialization and the Housing and Development Board to relocate people from traditional villages to high-rise government estates.

After this, Singapore invited Dutch economist Dr. Albert Winsemius and the United Nations Industrial Survey Mission to mastermind Singapore's economy. The first bulldozer was also sent into the

*The economy has grown more than eightfold since 1960.*

Jurong swamps to recover the Jurong Industrial Estate.

On September 16, 1963, the merger with the newly created Malaysia first gave the tiny island-state independence, although under the Malaysian umbrella.

Yet August 9, 1965 still marks the most convincing takeoff. Singapore, abruptly severed from Malaysia, faced the prospect of going it alone. Former finance minister, defense minister and deputy prime minister of Singapore, Dr. Goh Keng Swee, architect of Singapore's economic success story, reflects on the trauma of unwanted independence.

"On the morning of August 9, 1965 (the day Singapore was evicted from Malaysia), I was sitting in my office in Fullerton Building brooding over the enormous problems facing the country and the government."

"The problems of the future loomed in awesome and intimidating proportions. Here we were, an island trading outpost, with its economic hinterland in other countries, a vulnerable arrangement..."

"Our token defense forces were manned mostly by citizens of another country. Even the water we drank had to be mostly imported. We had no natural resources other than a diligent and enterprising people."

"At 10 a.m., news of the separation was announced over the radio. It was greeted by the firing of crackers in Chinatown."

"I thought this a lighthearted response to a grave situation."

The undeclared war between Malaysia and President Sukarno's Indonesia had slashed Singapore's then vital entrepot trade by almost 17 percent. Man days lost in strikes—even after the "Operation Cold Store" internal security sweep—stood at almost 40,000. Employment was at best static, and unemployment was very high. Multiracial Singapore was more a patchwork of disparate pressure groups than a nation, with loyalties that embraced China, Malaysia, Indonesia and India as well as Britain.

The Singapore government moved quickly to build an army of its own and to win compliance from its workforce preparatory to a drive for foreign investment.

The Employment Act and Industrial Relations Act of 1968 were crucial to this task. The Jurong Town Corporation and the Development Bank of Singapore were established the same year, followed by the Monetary Authority of Singapore in 1970.

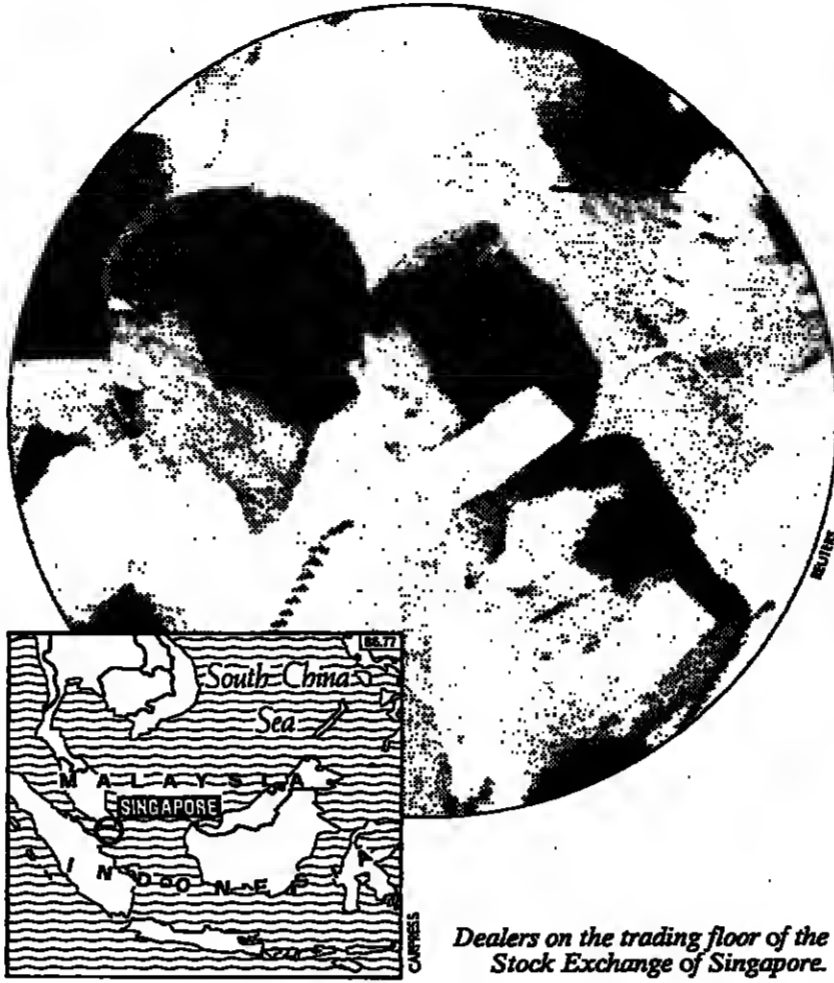
The prime minister uses sheaves of statistics in all his speeches, and well he might, for the figures tell their own story: between 1960 and 1987, the Singapore economy grew more than eightfold.

This was despite the terrible blow struck in 1967 when the British announced the withdrawal of their troops from Singapore. The British presence accounted for the jobs of about 40,000 Singaporeans, and their bases covered 2,630 hectares, or almost 10 percent of Singapore's total land area.

By 1967 British military spending in Singapore had reached \$490 million and accounted for about 15 percent of the Gross National Product. There were already 50,000 unemployed Singaporeans and with 25,000 teenagers entering the job market every year, the fledgling industrialization program could provide only 5,000 new jobs.

Traditional entrepot trade with Southeast Asian neighbors, notably Indonesia, has now been relegated to the back burner, reduced by two-thirds since the 1960s and overtaken by manufacturing. The sector has

# Singapore



Dealers on the trading floor of the Stock Exchange of Singapore.

doubled its contribution to total output to 26 percent since 1960.

Financial and business services now account for another 26 percent of the economy, compared with 14 percent in 1960, and include active offshore and secondary markets.

Singapore in 1986 had the highest rate of savings in the world—42 percent of GDP—permitting a high rate of gross domestic capital formation. Already, 72 percent of Singaporeans are home-owners.

Tourism, not a favored sector in the earlier phase of Singapore's independence, has expanded by leaps and bounds, with tourist expenditure of \$4.7 billion by 3.7 million visitors seen in 1987.

The nation's foreign reserves, which now stand at a staggering \$330 billion, have prompted a re-

vision of the political system itself. Formerly a figurehead, the president may henceforth be elected and have enhanced powers to control Singapore's purse strings.

After two heady decades during which a "bad year" meant GDP growth of "only" 5 percent and a boom year meant an increase of 15 percent, Singapore's recession of 1985-86 pushed its growth into negative numbers (-1.8 percent in 1985) for the first time.

This shock proved salutary; a new mood of self-improvement is already producing creative results.

In January of this year, Singapore, now the richest Asian nation after Japan in terms of per capita GNP (\$815,720 in 1987 by most sources), was duly classified as "developed" by the United States.

# Banking *Continued from page 7*

system (Sesdaq). A secondary market, it is designed for small- and medium-sized companies with growth potential.

But the Exchange is likely to substantially raise the current low S\$4-million paid-up capital criterion for listing on the main board. This would automatically reroute more newcomer companies to Sesdaq.

A Sesdaq link with the U.S.-based National Association of Securities Dealers Automated Quotation system (Nasdaq) took off early this year, trading 35 selected American stocks, further internationalizing the local industry.

Another secondary market, in regional stocks listed on Asia-Pacific exchanges, is already in the offing.

Until this month, in the area of financial futures and risk-management, Simex, the four-year-old Singapore International Monetary Exchange, was the only exchange in the world to trade the Nikkei Stock Average Futures of Japan, or "Nikkei 225."

The contract, started two years ago, has now been taken up in Tokyo, placing Simex in direct competition with Japan. Despite this threat, Simex is optimistic there will still be spillover, particularly in view of Singapore's lower commission costs.

This year's newly arranged Simex-Chicago Mercantile Exchange (CME) mutual offset agreement has proved attractive, offering the opportunity to trade on the American markets after they close.

There are now nine Simex contracts traded. The Eurodollar contract alone accounts for 70 percent of total Simex volume, with Nikkei 225 accounting for 15 percent.

An oil futures contract is likely to be launched very soon and a Nikkei options contract is also planned. Total daily volume on all contracts is averaging about 10,000 contracts, while total trade for 1987 was two million lots.

A promising new business for banks is custodian services for stock market investors. Barclays, Hongkong Bank, D.B.S. and Chase Manhattan are leaders in this field. However, highly computerized newcomers like Citibank Securities Services are making a determined pitch for a share of the market.

The "Big Four" local banks are powerful, but of the 135 commercial banks doing business in Singapore, only 13 are home-grown. Nearly all the merchant banks are of foreign origin and there is speculation that the 20 percent ceiling for foreign

investment in local banks may be raised.

Bankers like Mr. Wong Nang Jang, chairman of the Association of Banks in Singapore, are concerned that the foreign banks may leave Singapore when the full impact of the Bank of International Settlements in Basle's Group-of-10 capital adequacy agreement is felt.

However, Wong is bullish about the banking sector's prospects: "Business is still coming to Singapore. It isn't going to divert to Tokyo, as some claim—the costs of running a business there are too high and the communications set-up in Singapore is every bit as good, if not better."

Another banker agreed: "Eighty percent of phones in Japan are still rotary-dial, whereas we're 80 percent digital now."

The banking sector saw a strong pickup last year, with buoyant offshore banking, accelerating non-bank deposits, active domestic lending, and S\$8.5 billion worth of underwriting thanks to a bubbly stock market. State-of-the-art electronic banking is now firmly entrenched.

The 20-year-old Asian Dollar market is still sparking, with 22 percent growth last year taking it to U.S. \$245 billion at year's end.

The nascent fund management industry has benefited from the government's extensive tax-concession package. Total assets under management increased by 30 percent to S\$9 billion this year.

In insurance, cut-throat competition has pushed premium earnings to rock-bottom, but life insurance as a savings vehicle has gained ground. General insurance business grew 7.8 percent (gross premiums) last year, with offshore business accounting for 46 percent of the total.

The industry is currently concerned with the modernization of policy wording and local implications of increasingly stringent overseas liability laws.

A local trend toward American-style litigiousness has necessitated closer attention to professional indemnity protection.

Singapore is still a long way from being any more than a regional reinsurance center, despite a concessionary tax rate of 10 percent on offshore reinsurance profits. There are 17 MAS-authorized reinsurance companies and three international representative offices. A committee is currently looking into the possibility of a reinsurance exchange.

The Asia Pacific region is the fastest growing financial region in the world, with its bourses amounting to 44.3% of the total global capitalisation.

And Singapore, the lion city\* is strategically located at the hub of it.

Apart from leading the region in its entrepot trade, Singapore has a strong industrial sector and a sophisticated financial system, both of which are supported by a well developed infrastructure with an excellent communications system.

Our higher value-added industrial base is a result of low operating costs (inflation being virtually non-existent), a literate, highly-skilled workforce and industrial technology that is con-



HOW TO CAPTURE THE LION'S SHARE

stantly being upgraded.

Because of the nation's political stability, the Singapore dollar, likewise, has been stable for a record period of time.

And to help investors exploit this dynamic growth potential, we have a professionally-regulated and diligently-supervised Singapore Stock Exchange.

A stock exchange which keeps up with the globalization of securities trading and deregulation in major stock markets. With the advanced technology to improve liquidity by enhancing the pool of investors and investment opportunities. Where high volume can be handled at low cost.

Look to Singapore today, to capture the lion's share of the market, tomorrow.



STOCK EXCHANGE OF SINGAPORE

Real GDP Growth: 8.6% (1987) Inflation Rate: 0.5% (1987) Stock Exchange Turnover: S\$22.5 bn (1987) Market Capitalization: S\$109.6 bn (July 1988) \* Singapore was first named "Singapura" which means the 'lion city'.

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But above all, Changi offers more connections to more destinations than any other airport in South East Asia: some 200 flights a day to 100 cities in 52 countries on 48 airlines. It's one of the busiest airports in the world. It's just so well designed it doesn't feel that way.

SINGAPORE CHANGI AIRPORT



# High-Tech Infrastructure Reinforces Crossroads Role

How many other countries can boast an airline that has just attained zero net debt status, an airport that can offer rock-bottom prices thanks to non-aeronautical sources, a 24-hour port that can turn around vessels in seven hours or less and a telecommunications authority that routinely slashes its charges?

All of these links are crucial to foreign investors and endorse Singapore's claim to be "open to the world." A strategic position at the crossroads of Southeast Asia has always been her greatest asset. The port generates 19 per cent of the country's annual earnings and employs one in 11 of Singapore workers.

## Changi links Singapore with 100 cities in 52 countries.

tered tonnage-traffic, it handled a massive 343 million metric tons last year. The Civil Aviation Authority of Singapore (CAAS) eschews protectionism by espousing an "Open Skies" policy encouraging the maximum number of airlines — 48 at present — to fly into Changi Airport. Now rated the world's best, it topped the Netherlands Schiphol in this year's Business Traveller magazine poll.

Changi also rates as the ninth busiest airport in terms of passenger traffic (11 billion last year) and tenth busiest in terms of freight traffic. It now links Singapore with 100 destinations in 52 countries.

The Telecommunication Authority of Singapore (Telecoms) recently opened a 34-story, 4,000-line digital telecommunications complex housing \$573-million worth of equipment to handle foreign calls, and has a further \$52-billion development plan underway.

"Nobody's cheaper, across the board," smiles Telecoms chairman, Mr. Koh Boon Hwee. As most Singaporeans now do, he instinctively compares his operation with the world rather than the region.

Other plans, targeted for the next couple of years, are equally grandiose: \$5206 million (U.S. \$101 million) will be spent at the port, plus a new \$31.13 billion offshore island facility; at the airport, at least \$2.5 billion are earmarked for a second passenger terminal, a second runway and two new cargo agents' terminals.

Last year, at Changi Airport, cargo throughput increased by 11 percent to 419,000 metric tons, and more than 38,000 aircraft landed. Passenger traffic, which first topped 10 million in 1986, is projected to grow to 20 million by the end of this century.

Singapore Airlines is substantially increasing the size of its fleet and has 20 "Mega-Top" B747-400s on order. Capable of long-range non-stop flights — with a generous 70-seat allocation to business-class — five of these airplanes are scheduled to be in service by the end of next year.

Underlying all of this activity is Singapore's continued attraction for foreign business. This imperative overrides even the profit motive — Telecoms has announced eight rate reductions and says it has passed \$52.4 billion back to customers since 1979.

High-tech computerization has similarly fueled the flow of superlatives. The

Port of Singapore Authority (PSA) already has two computer-aided cranes (\$5.4 million each) and eight more are due to arrive by early next year. Changi Airport is also planning to invest \$20 million in a highly computerized system to speed up baggage-handling.

Singapore Airlines, meanwhile, is rushing to catch up with developments in the United States, Europe and Japan by establishing Abacus — its own Computerized Reservations System (CRS) — with other Asian airlines. The system will use "PARS" software from the United States and be linked up to the Amadeus system in Europe.

At Telecoms (which also controls postal services), the thinking is "visionary." In the opinion of one expatriate executive, next year will mark the introduction of one of the world's very few Integrated Services Digital Network (ISDN) pilot services in Singapore.

Similarly, Singapore Airlines' self-confessed "extremely conservative" depreciation policy, writing off aircraft after a maximum of 10 years, allows it to keep ahead of the competition by investing in state-of-the-art equipment.

The secret of Singapore's success? According to CAAS' director Mr. Ho Beng Huat: "We invest heavily — it's a matter of money really."

Both he and Koh Boon Hwee also place long-term planning high on their list of priorities.

"We don't wait until the airport gets congested and then react," explains Ho. "We take the risk of building a new terminal early."

As a result, most communications systems in Singapore are already geared to the year 2000 and beyond. By next year, Tradenet — an electronic data interchange system — will link the air-sea business to government agencies such as the Trade Development Board and Customs.

The prospect of privatization — tentatively proposed for CAAS and Telecoms, already advanced in SIA — raises the inevitable question: How much cheaper and more efficient would these bodies become if they were privatized? For there is already a built-in ethos of competition even for these monopolistic government-spawned authorities.

Externally they compete with the region and with the world; internally they set up competitive structures such as Singapore Airport Terminal Services (SATS) and Changi International Airport Services (CIAS) at Changi.

Singaporeans already have video-phones and videoconferencing, toll-free calls direct to the USA, an aeronautical telephone system and videotext within their grasp.

Singapore's aggressive marketing stance is best summed up by SIA deputy managing director (Commercial), Mr. Michael J.N. Tan.

Discussing other airlines' reluctance to let SIA expand, he said: "Capacity is not just for meeting a current need, it is a tool for developing a market — you create the need by providing the capacity, as it were."

# Singapore

# Government Moves Reverse Slump in Property Market

Singapore offers some of the cheapest city rentals in the world: less than half the cost of Hong Kong's and only one-sixth that of Tokyo's.

The property market is back on the move today, but only after the government moved to rescue it from a deep recession for which its own actions had been partly responsible.

Major projects like Changi Airport and the Mass Rapid Transit underground railway, not to mention the half-million government flat units built between 1960 and 1985, had forced the property sector into overdrive. But as the flow of contracts ebbed, so did the construction industry.

Recognizing the potential impact of a property slump on the economy, the

## Prime rents: a reasonable \$84.50 per square foot.

government was quick to respond. Its measures included: a 50 percent property tax rebate on commercial and industrial properties; the release of compulsory Central Provident Fund (CPF) pension-savings for private property purchases; the freezing of URA site sales; and, most recently, a promise to value compulsorily purchased land at current rather than 1973 values.

A major attraction for foreigners is the absence of restrictions on foreign purchases in the commercial property market and of capital gains tax. Such gains can be subject to corporate tax, but only as trading gains.

While the government can take much of the credit for avoiding a slump, in retrospect, expert observers like David Lawrence, managing director of Richard Ellis property consultants, point out that the property sector overreacted.

Today property consultants report a

shortage of prime office space, with prime rents still hovering around a reasonable \$84.50 (U.S. \$2.2) per square foot. The Mass Rapid Transit underground railway system has boosted out-of-town property values. And the government's designation of historical conservation areas, together with the "Civic and Cultural District," in the city center, has presented further new opportunities.

The government clearly wants private entrepreneurs to be the moving force behind conservation projects, while setting strict guidelines for owners and tenants of such properties. It is ready to reciprocate with concessions on development and other charges.

Mr. Mark Benson of Chesterton International property consultants says: "Initial construction costs for refurbishment can be high, but experience in the West has shown that short to medium-term capital gains on such projects can be very attractive."

At the same time, the government's Housing and Development Board (HDB), which was formerly responsible for the construction and management of public housing estates, is virtually "privatizing." These estates, home to 86 percent of Singaporeans, mostly owner-occupiers, will henceforth be managed by separate town councils. One sign of more positive times has been the recent restart of hitherto abandoned projects: for example, Singapore Land's \$3600-million Gateway development at the edge of Marina Centre. Others, like the Promenade shopping complex in the premier Orchard Road retail belt, have seen their value rocket; sold last year for \$3100 million, the Promenade is now valued at \$3160 million.



Over \$1.5 billion has already been invested in the first phase of development of Changi Airport.

# Far East

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And our highly trained, experienced engineers configure and engineer systems to meet our customers' needs.

# Far Less

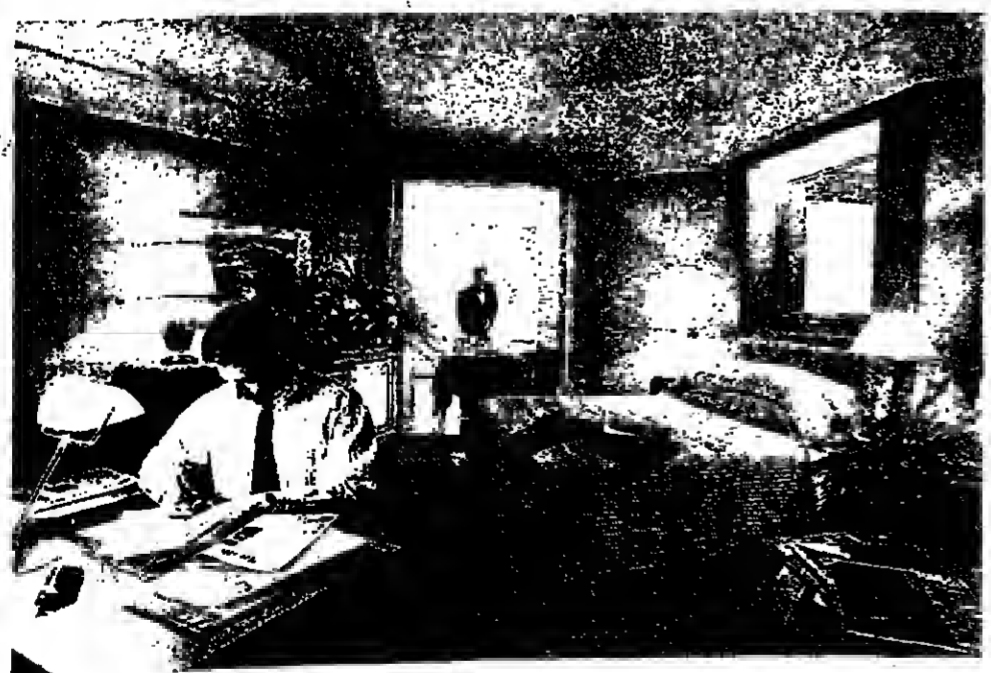
Despite such sophistication — or rather because of it — your communications links through Singapore Telecom will probably cost far less than you expect.

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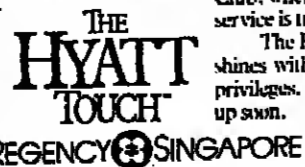
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# Multinationals Encouraged To Set Up Headquarters

According to a 1986 study, Singapore is rapidly nearing the limits of growth. With over-saving and high capital formation now the rule, the economy simply cannot absorb funds fast enough.

"We need to become exporters of capital," said the Economic Committee Report which was commissioned by the Ministry of Trade in the wake of the 1985 recession. "If we seek investment opportunities only within the Singapore economy, the scope will be large but ultimately limited."

The Economic Development Board responded by proposing the Operational Headquarters (OHQ) concept. It encourages major businesses to establish their central base in Singapore, even if

## Manufacturing activities may be based elsewhere in region.

their manufacturing activities are located elsewhere in the ASEAN region.

The scheme, which was announced barely two years ago, has already attracted major names like Sooy International Singapore, the Singapore-based Times Publishing Company, Cerebos Pacific, Data General, S.K.F. (SEA), Brown and Root, F. E. Engineers, Deutsche Bank and the Australia and New Zealand Banking Group.

Citicorp Insurance Brokers recently moved its Asia Pacific Division headquarters from Hong Kong to Singapore even before achieving OHQ status. Mr. Ian Lancaster, Asia-Pacific managing director, cited Singapore's growth as a regional insurance center, the ease of regional travel, senior-staff recruitment difficulties in Hong Kong, and the Singapore lifestyle as deciding factors.

Nevertheless, Citicorp Insurance is likely to seek OHQ status as well. For among the significant tax savings it confers are a mere 10 percent levy on the net fees derived from OHQ services provided to subsidiaries outside Singapore, and no tax at all on the dividends received from them or distributed by the OHQ.

To date, Pico Art International is one of the very few Singapore multinationals to have won OHQ status. From a six-man business producing commercial signboards in 1970, it has developed into Singapore's leading exhibition services company. With an annual turnover of \$560 million, (U.S. \$29 million) and 1,000 staff worldwide, it maintains 16 subsidiaries and 20 offices in 17 countries, including the latest in Beijing.

Pico's portfolio includes five national pavilions at Expo '88 in Brisbane, stands at World Telecoms '87 in Geneva, the \$518-million Singapore National Exhi-

bition in 1984, and the Miss Universe Pageant in Singapore last year.

Singapore's new-style multinationals are branching out on other fronts as well. Asian-based Batey Ads, for example, recently scooped a top London design award. The company's reputation was founded on its soft-focus "Singapore Girl" campaign for SIA; today the agency's major clients include the Singapore Tourist Promotion Board, Chase Manhattan and United Overseas banks.

The 16-year-old advertising agency boasts annual billings of over U.S. \$40 million, and is establishing offices in Malaysia, Hong Kong and Taiwan. Though its founder and chairman Mr. Ian Batey is Australian, Batey Ads remains essentially Singaporean.

As Singaporean as 37-year-old Goh Seng Hui, who borrowed \$510,000 to start his food manufacturing business in 1969. He took over the then-ailing Tee Yih Jia Food Manufacturing in 1977 and, before long, increased the company's monthly turnover 20-fold by carving out worldwide export markets. This year he completed a \$515-million takeover of the Taiwan-sourced but U.S.-based food company, Main On Foods Corp. His company now has an \$88-million annual turnover and recently staked \$520 million on a joint venture with New Zealand's Wattle Industries.

The canned foods, bottled sauces and tetrapacked soft drinks of the Yeo Hui Seng group can also be found on supermarket shelves worldwide.

Still a family business, though it went public in 1969, Yeo's notched up a \$8185-million turnover and before-tax profit of \$514.3 million last year.

The case of Haw Par Brothers is quite different, because its international thrust is more recent. Incorporated in 1969, the company only went international in 1986, and is still establishing a network of overseas offices. Its chairman, Wee Cho Yaw, also chairs the United Overseas Bank, one of Singapore's "Big Four."

From the "cure-all" Tiger Balm camphor ointment on which it was founded, Haw Par Brothers has diversified into pharmaceuticals, computer services, engineering products, sporting goods, textiles, travel, property and merchant banking. Turnover reached \$8303 million last year, with pharmaceuticals, including Tiger Balm, contributing 26 percent of the group's \$531-million pre-tax profit.

# Conservation and Development Are New Tourism Goals

With most major construction projects now completed and the land supply limited, Singapore's planners look to tourism-related construction as the main engine of growth.

Tourism contributed an average 5.9 percent of Singapore's Gross Domestic Product from 1980 to 1986, and is likely to represent far more in the future.

The 24-year-old Singapore Tourist Promotion Board (STPB) welcomed 3.7 million visitors last year. With a forecast annual growth rate of 8 percent, this figure should reach 5 million by 1990.

The average visitor currently stays just 3.4 days in Singapore. The STPB aims to raise the figure to four days by 1992. Hardly a day passes without the announcement of some new theme park. Among them is the estimated \$580-million (U.S. \$39 million) redevelopment and expansion of the 57-year-old Haw Par Villa into an 9.5-hectare "High-tech Chinese mythology park" by 1990.

Similar projects include the two neighboring south-coast resort islands of Sentosa and Lazarus; an \$581-million reovation and restoration of the century-old Raffles Hotel; a sanitized recreation of the once sleazy night-haunt, Bugis Street; and a 12-hectare, \$550-million "Tang Dynasty Village" in the Jurong industrial estate area.

In addition, a long-overdue official commitment has been made to conserve historic districts totaling 97 hectares within the inner city. In many ways, this is the most exciting aspect of Singapore's five-year tourism development plan. Conservaduo accounts for about \$5447 million of its \$51-billion budget.

Conservation will play a lively role in the property and real-estate sector, although the government's declared intention to shift the burden of development to the private sector may not prove easy to fulfill. The government hopes private-sector investment in all tourism development projects will total about \$52 billion over the next five years.

Besides theme parks and historical attractions, Singapore is pinning its tourism hopes on large-scale happenings, especially sports events such as a Formula One Grand Prix by 1991, and the expansion of successful annual events like the Singapore Arts Festival.

The new Singapore Entertainment Centre, the Convention and Exhibition Centre, the Cultural and Arts Centre and the 13,500-seat indoor stadium, all located in and around the reclaimed Marina Centre waterfront area and all scheduled to be fully operational by the end of 1989, are earmarked to accommodate up to 30,000 participants.

Conventioners offer attractively high yields: they stay twice as long as other

visitors and spend twice as much, about \$5400 million last year. From a base of 1,560 convention-type events involving 250,000 overseas delegates last year, the Bureau hopes to achieve a 6 to 8 percent growth rate in 1988.

Next year will see major events like the Pacific Asia Travel Association (PATA) annual conference (2,000 delegates) and the Australian Federation of Travel Agents (AFTA) meeting (1,100), not to mention the 6,000-strong 15th Pentecostal World Conference.

Incentive-group tourism is a small but growing market, providing 1,050 groups last year for 430 meetings, a 6 and 5 percent increase respectively over the 1986 figures. The STPB is courting this sector aggressively. In June it invited 170 international incentive packagers for a week.

Tourism figures have recovered from the 1983 dip, growing by 15.3 percent last year over 1986, the highest growth since 1973. Tourism earnings of \$54.7 billion last year reflected that upturn.

Four new hotels are opening this year. After more than two years' hesitation, the modest 420-room Carlton, an independent hotel, has just opened in the downtown area, close to the 120-room Raffles and the 2,000-room Raffles City.

Like many other hotels, the Carlton has its sights set on the growing free-and-independent-traveler (FIT) market. Some hotels, such as the Hyatt Regency, are even embarking on large-scale multi-million dollar conversions into suites-only accommodation aimed exclusively at this market, while others, such as the Sheraton Towers, use their "butler service" attractions to bid for this niche.

In looking to the West, there is danger that the industry may lose sight of the ASEAN perspective.

Joint packaging remains a neglected area. "We have not been very specific about this," admits Lim Chin Beng STPB Chairman. "We must really package an actual tour for sale, apart from the established Singapore-Bali and Singapore-Lake Toba (Sumatra) routes."

The expected 1990 launch of a US\$15-million Orient Express rail venture, linking Singapore with Thailand's Hua Hin via Malaysia's Kuala Lumpur, may well be a sign of better things to come in this area.

This Advertising Section was written by Ila Sharp, a writer and British Permanent resident of Singapore since 1968.

# Singapore

## Voters *Continued from page 7*

### Facts and Figures

Location: 137 kilometers north of the Equator.  
Total Area: 622.6 square kilometers.  
Population: 2.6 million.  
Ethnic Groups: 76% Chinese, 15% Malay, 6.5% Indian.  
Official languages: English, Mandarin-Chinese, Malay, Tamil.  
Literacy: 86.8%  
Political System: Parliamentary democracy, with a Constitution, and a President (Head of State) elected by Parliament for a four-year term.  
Gross domestic product: \$542 billion.  
Gross fixed capital formation: \$515.2 billion.  
Gross national savings: \$517.6 billion.  
Manufacturing output: \$544.9 billion.  
Labor Force: 1.2 million.  
Productivity growth: 4.5%  
External trade: \$5128.7 billion total; total exports \$560.3 billion; domestic exports \$539 billion.  
Major trading partners: (in order) the United States, Malaysia, the European Community, Japan, Hong Kong, Thailand.  
Official foreign reserves: \$530.4 billion.

Philippines, the prospect of an uneasy return to China of Hong Kong, and general liberalization up in Taiwan.

Instability in Malaysia, especially following the ruling National Front's resounding defeat at the recent key Johore state by-election, is also significant for Singapore's own national calculations. Johore state, linked to Singapore by a causeway, is Singapore's closest neighbor. Malaysia is Singapore's second most important export market, its third source of imports, and the chief supplier of what is probably Singapore's most vital need: water.

All this has been unsettling for Singapore. Clearly, the majority of Singaporeans share this fear. They voted for "safely first."

Just before the elections, two risk-analysis firms, the Washington-based Business Environment Risk Information (BERI), and the Japan Bond Research Institute (JBR), together with the influential Fortune magazine, ranked Singapore among the world's safest investment bets.

One of Singapore's most immediate worries, however, is the coming confrontation with growth limitations. The joint public and private-sector Economic Committee, reporting on the economy during the recession of 1985, said in 1986: "The period of easy growth is now over... Even after we overcome this recession, economic growth will not rebound to its previous average of 9 percent. The first half of this year has seen a

healthy 11.1 percent growth, but most observers expect 7 to 9 percent for the year. One limiting factor, apart from the island's size, is labor.

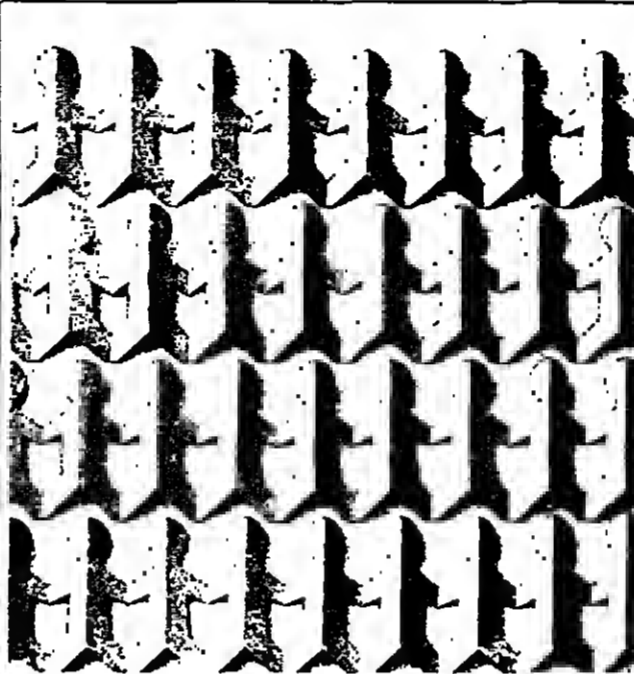
Shifts in family-planning policy to encourage more births and a drive to get wives and mothers back into the work force are attempts to address this issue, although half-day school schedules and a lack of in-factory childcare make women's re-entry difficult. Extension of the retirement age is another strategy.

Workers' unions, and even some high-paying employers, including banks and manufacturers, are asking for higher wages. But the government worries, rightly, that any escalation in pay levels will return Singapore to the uncompetitive position it held in 1985-86.

Emigration is another factor, mostly involving skilled technicians, wealthy businessmen and professionals. Officially, about 1,000 Singaporeans emigrate every year, although the number of emigration applications is thought to be much higher.

Apart from long-term acceleration of automation and robotization (Singapore has a low robot density of 9.7 robots per 10,000 manufacturing workers this year, compared with West Germany's 11 and Japan's 53 in 1986), the obvious short-term solution would be to import cheap immigrant "guest workers."

Singapore's situation today has been neatly summed up by the Economy Committee: "Singapore has reached a developed country's income level before having become a developed economy."



## Big hotel chains have a lot in common

A man checked into a big hotel in Singapore the other week and found that the bedspread in his room was exactly the same as one he had had in Houston, Texas. Chain hotels get like that.

The Carlton Hotel in Singapore is one of a kind. Independent. Run by a Swiss hotelier with years of experience. Flexible to meet the demands of different guests. Understanding.

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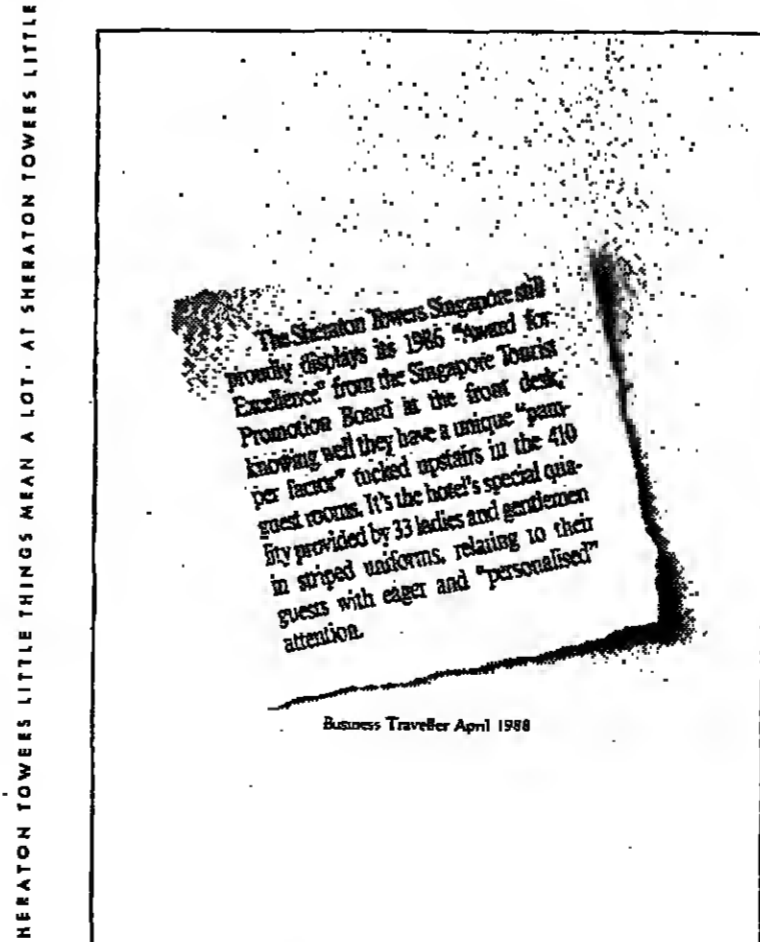
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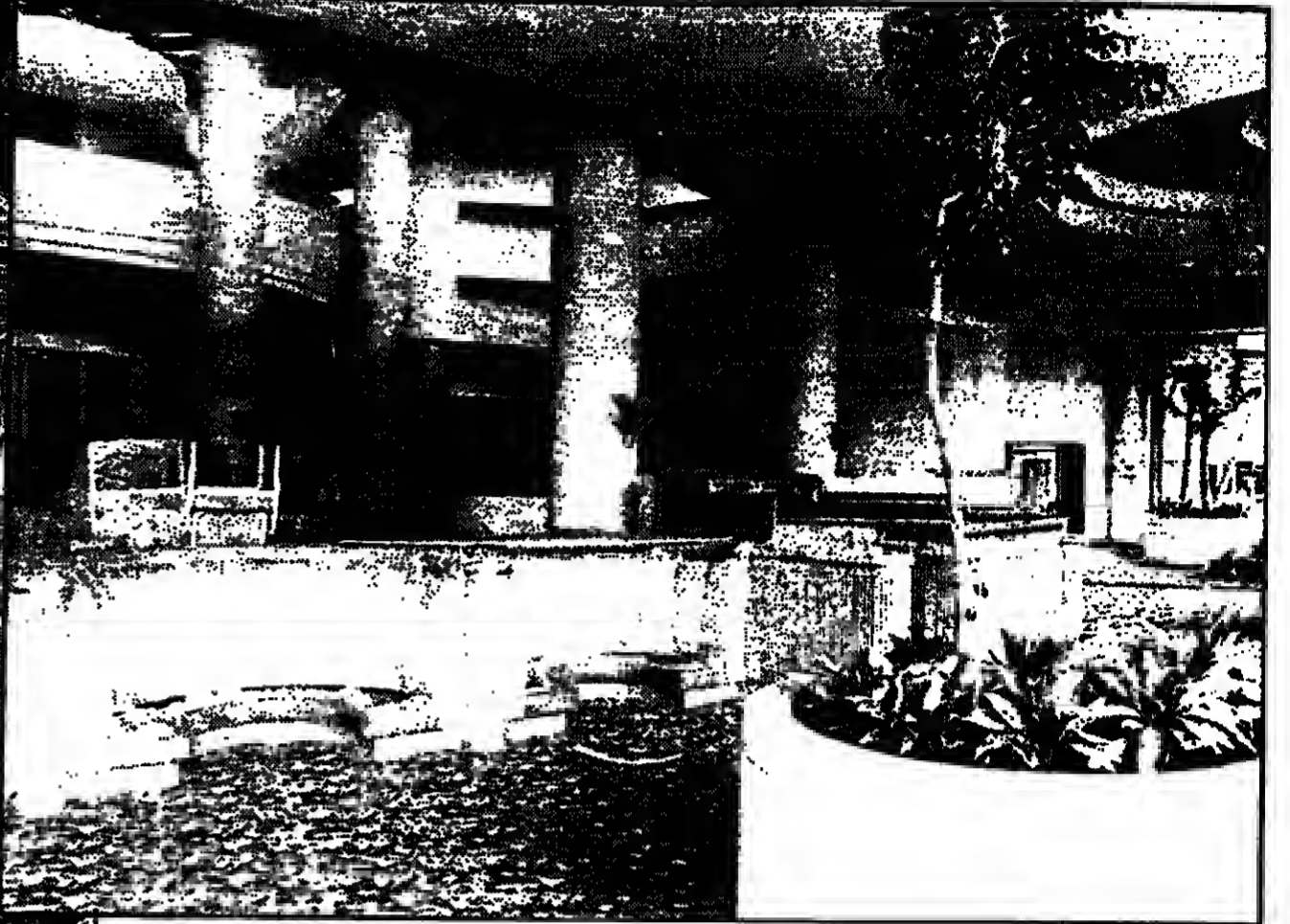
# TRAVEL

International Herald Tribune

- Strange Buildings in Bangkok
- The Ins and Outs of Athens
- Casting About for Manners



The Sheraton Mirage Princeville on the island of Kauai.



The dining room, during construction, of the Hyatt Waikoloa resort.

## Resort Revival in Hawaii

by Robert Lindsey

**G**UESTS at the \$360-million Hyatt Waikoloa Beach Resort, which just opened on the Big Island of Hawaii, have a choice of three routes to their rooms: A rapid-transit monorail tram goes from the lobby to the three hotel towers. A fleet of boats in the lobby goes to the rooms over a mile-long system of canals (passing a manmade lagoon where guests can swim with porpoises). Or they can walk to their rooms down a sweeping, columned staircase of Cecil B. De Mille proportions.

The Hyatt hotel is the largest of a new generation of megaresorts rising from the volcanic soil of the 50th state. Financed largely by the Japanese, they represent a multibillion-dollar gamble that tourists have grown weary of beach resorts that simply provide a chaise longue and will flock to places that are part movie set, part tropical fantasy and part Disneyland. Hyatt is comparing its hotel to a cruise ship: A full-time social director will organize activities from bridge tournaments to wild boar hunting to high-performance driving lessons. The most conspicuous requirement appears to be a huge swimming pool embellished with islands, grottos, lagoons, slides, canals and waterfalls.

For decades, Hawaii had only one super-luxury hotel, the Royal Hawaiian, a pink dowager on Waikiki Beach, near Honolulu, built in 1927 by the Matson Navigation Co. to accommodate wealthy passengers from liners.

Striving to lessen the islands' dependence on sugar and pineapples, the state during the 1960s turned Hawaii into a mass travel destination. What remains today is a Polynesian version of urban blight. Now it is again the policy to court affluent visitors. More than 5,500 luxury hotel rooms are scheduled to be added in the next four years.

The Ritz Carlton and Four Seasons chains are both building luxury hotels on

the last two years, largely because of the resort industry's efforts to court well-to-do travelers, hotel rates in Hawaii have gone up 25 percent, including a new 5 percent state hotel tax. The new Hyatt Waikoloa is charging \$195 to \$375, and virtually all of the hotels now under construction anticipate comparable rates, although many expect a price war this winter.

Following is a selective look at the Hawaiian hotels—both the megaresorts and the mainstream luxury hotels that have made recent upgrading—that are competing for the affluent traveler:

● **KAUAI**—The Westin Kauai, which opened last September not far from the island jetport at Lihue, exemplifies Hawaii's new generation of self-contained megaresorts. The hotel has an attractive beach, 10 restaurants, 60 retail shops and boasts that it has the largest swimming pool in Hawaii.

On 500 landscaped acres, the hotel has a mile of canals that guests can explore in outrigger canoes and motor launches. For landlubbers, there are 19th-century-style horse-drawn carriages. Rates for two: \$175 to \$350.

In contrast with the new Westin, the Sheraton Mirage Princeville, which opened in 1985 on a cliff about an hour's drive north of the airport, is subdivided on the elegant site. Higher-priced rooms (double-room rates range from \$175 to \$265) overlook Hanalei Bay, where much of "South Pacific" was filmed. The Prince-

Continued on page 12

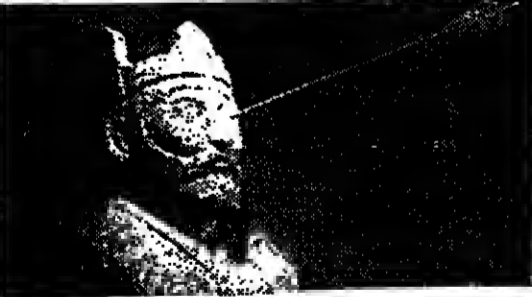
## TRAVELER'S CHOICE

### Extending Jerusalem's Wall Walk

In a few months, tourists to Jerusalem may be able to walk the full length of the outer wall of the ancient Jewish temple built by Herod the Great 2,000 years ago. Until now, the only section above ground was the Western Wall. Israeli archaeologists have dug a tunnel into the city's biblical foundations and traced the wall for 500 meters to its northernmost tip. Along the way, they discovered such treasures as a tunnel that carried water to the temple and fortifications from the 13th century. Work has been interrupted by a dispute between Arab and Israeli officials but Israeli tourism officials said they hoped the tunnel would be open in three to four months.

### Royal Britain on Display

"Royal Britain," a permanent exhibition devoted to the evolution of the British monarchy, has opened near London's Barbican Centre. Based on the theme that royalty has been Britain's living link throughout history, the exhibit gives glimpses of members of the royal family over time. On a 1930s-style radio, a visitor can hear the doleful words of Edward VIII abdicating to marry Wallis Warfield Simpson, or on a 1950s-style, black-and-white TV, watch the coronation of Elizabeth II. (Shown here is a sculpture of King Harold with an arrow through his eye, the way he met his death at the Battle of Hastings in 1066.) Aldersgate Street, opposite the Barbican Underground station. Admission is £5 (about \$8.40).



### Washington's Terminal Restored

Union Station in Washington, the monumental Beaux Arts train terminal modeled on the baths of Diocletian and Caracalla in Rome, will reopen on Sept. 29, restored and remodeled at a cost of \$150 million. The terminal will accommodate more than 100 retail shops and will provide a new waiting area for passengers. Opened in 1907, the building was closed in February 1981 because its ceiling was crumbling.

### Grotto in Paris Park Is Reopened

The grotto and waterfall of the Parc des Buttes-Chaumont in Paris, closed since World War II because of deterioration, have been reopened after a 19-month restoration that cost nearly \$1.4 million. Built in 1867 by Baron Haussmann under order of Napoleon III, on the site of a quarry turned city dump, concrete was used to shape cliffs, ravines, rivers, cascades and an artificial lake surrounding a rocky island topped with a small temple in the Greek style. The quarry was transformed into a grotto 30 meters high (about 65 feet) with large concrete stalactites hanging from the ceiling.

### Improving Hawaii Connections

United Airlines is establishing a minihub at the Honolulu International Airport this month so that passengers no longer have to transfer to the inter-island terminal to make connections to Kauai, Kona or Maui. Honolulu International is also the site of a new terminal for Hawaiian Airlines; it has moved into a new, but temporary, terminal next to its old one. The facility, which cost \$23.3 million, has 14 check-in and ticket-counter spaces, an 800-passenger waiting room and a restaurant-lounge. The passenger waiting room will remain there until 1991, when a new inter-island terminal building is expected to be completed.

## Red Sea Diving



A coral reef promenade in the Red Sea.

by Walter Wells

**S**HARM EL SHEIKH, Egypt—Four of us were already in the water and a fifth was poised, hand steady, her mask, ready to take the giant step that puts a scuba diver into his element, when the unmistakable shape swam into the circle of light projected from the boat.

"Shark!" The shouts from those still aboard betrayed alarm if not quite panic. The scramble out of the water took an amazingly short time—amazing not just for the dexterity of the divers, laden with weights and tanks, but also because experienced divers love to tell novices that sharks hold no terror.

So as one of the novices in the group, I was surprised to see so many experienced divers flee this particular shark and abandon what was to be our first night dive during a week of exploring the profusion of life in the Red Sea.

When we signed up for the trip we were promised adventure—but not necessarily sharks—in the waters off the Sinai Peninsula, one of the world's best diving areas.

The region's aesthetic appeal starts in the crisp contrasts between the surface and what lies below: The rose-hued browns of the arid and desolate Sinai spill into a crystalline sea writhe with life and vivid with color.

Beyond this, there is the luxury of solitude. Aside from a handful of other diving boats, the only other humanity we saw during a week of living on the sea was an occasional Bedouin fishing boat. Usually they were just shapes on the horizon, but sometimes one of them would come alongside, its crew offering to trade a part of their catch for a sack of coffee or a few cans beer.

When friends from America suggested last fall that we join a group of divers

Continued on page 13

## 160,000 Bottles on Block

by Frank J. Prial

**P**ARIS—Here is a suggestion for a wine lover who has nothing to do this month or next: Visit France for the Ledoyen wine auction.

Ledoyen, a Paris landmark, closed a year ago. It had been a restaurant since Antoine-Nicolas Doyen opened it in 1792, in almost the same location in the flower-filled gardens at the foot of the Champs Elysees.

Ledoyen will reopen, probably in December, under the tutelage of the ubiquitous Régine, the nightclub and restaurant owner, but meanwhile its wine collection will be sold.

Ledoyen was known to have a formidable wine cellar, but just how formidable came to light only after it had been appraised by the auctioneer, Jean-Jacques Mathias, and his consultant, Jean-Claude Jambon, wine steward at Faugeron, another prominent restaurant.

Mathias believes it will be the largest wine auction ever held in France, involving about 160,000 bottles. Some are rare such as eight bottles of Château Haut-Brion 1916, but most are not. To accommodate wine enthusiasts from all over the world, the auction will be spread over two months. The wines are to be exhibited Sept. 19 and 20 at the Hôtel Drouot, this city's main auction house.

The first sale will begin at Drouot on

Sept. 20. Subsequently, portions of the Ledoyen cellar will be sold on Sept. 21-23, Sept. 26-30 and Oct. 24-26.

Anyone may bid by mail, by telephone or through an agent present at the auction. But wine lovers who plan to come to Paris to bid may have trouble choosing their dates.

Under Régine's direction, the Ledoyen name will remain, as will most of the interior structure because the building is classified a national monument. The décor, according to Régine, will be more "Prussian." The head chef will be Jacques Maximin, a pillar of the nouvelle cuisine movement.

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Outside Hector's in Erie.

## Gentle Idleness In the Rust Belt

by Alan Furst

**E**RIE, Pennsylvania—In Erie, both presidential candidates stopped by this summer to make speeches. They wanted to play in front of the city's image: ethnic, blue-collar, and its rust-belt mystique—an aura of hard-nosed commonsense that such places are endowed with by people who don't live there.

Mostly, though, nobody goes to Erie, any more than they go to Sandusky, Ohio, or Buffalo, New York. For one thing, it's remote, up on Lake Erie in the northwest corner of Pennsylvania. There's one train a day and it lets you out in a 1940s movie—an echoing tomb of a railroad station at 4:30 in the morning. Or you fly in little planes that leave from lost corners of airports.

I've been going to Erie for years. I married an Erie girl and I have big family there; on hot summer nights various Kalivoda, Sucharski and Trocki relatives stop

by to sit on the porch where you can hear cicadas and freight trains and watch the lightning flashes on the horizon.

**I**T'S almost too hot to talk—and if you think August is bad, just wait until winter comes. You better have fresh anti-freeze in before Thanksgiving. Ice storms sweep in off the lake, coat the power lines, and turn the streets into skating rinks. "Dreary Erie/The mistake on the lake," the girls from the Villa Maria Academy called it, when the nuns weren't around to hear them. Their blue uniform dresses had to fall below the knee, and their hair couldn't touch their collars.

Not much to do in Erie. In the summer you can go to the peninsula—white sand beaches on the lake—and hang out around Beach Six with the teen-agers and their radios. Or drive on a few miles to "The Pines" where they have picnic tables, watch the big ladies in their floral print dresses and bare feet carry the ice chest

Continued on page 12

TRAVEL

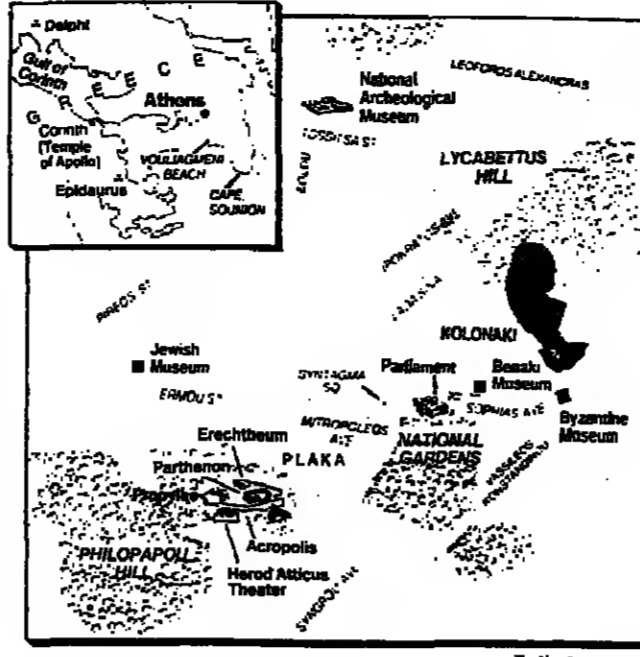
The Two Sides to Athens

by Paul Anastasi

ATHENS is two-sided, flush with history, but suffering from unchecked modern development: On the Acropolis, the 2,500-year-old Parthenon stands above a television antenna-dotted skyline. The cradle of democracy is renowned for openness and hospitality, but the noise and congestion would try the patience of Hercules. A city of brilliant sunshine and vivid colors, it is also often blanketed by hazy brown smog. Athens has the lowest crime rate in the West, with streets secure for the lone stroller in the midnight hours, yet its safety record has been scarred by terrorist activity. The government is attempting to allay the fears of travelers. Security measures have been intensified at airports, and special commando units established for cruise ships. In autumn, the crowds around the Acropolis thin out, and the Athenians take over from their foreign guests. The streets bustle with those returning to work at the end of August vacations and, at night, with the weather more pleasant, Athenians indulge in their favorite pastime — lolling in outdoor cafes and tavernas discussing politics and passersby.

The government's costly restoration of the old town of Plaka, on the foothills of the Acropolis, has turned the neighborhood into one of the most picturesque parts of the city. Here one finds the old-time taverns and outdoor dancing, the quiet shops and stalls, the romantic, cobblestone side streets with cafes — all in the shadow of the often flood-lit Acropolis monuments. Walk down Mitropoleos Avenue from Syntagma Square, looking in at the fur and jewelry stores on the way to the Athens Cathedral. You can walk into the cathedral at any time to witness an Orthodox ceremony — a service, a baptism or a marriage. For refreshment, have a drink or a snack at one of the cafes on Cathedral Square. Only 100 meters away starts Adrianiou Street, the heart of Plaka with shops and stalls providing everything from leather, jewelry and Greek-style fast food to what is said to be the largest display of snakes in Europe. At the end of the road one comes to Eolou Street, which in turn is only a few steps away from the ancient agora, or marketplace, being excavated by the American School of Archaeology. Two hundred meters deeper into Plaka is the bustling center of the sound of Greek music, folk dances and the traditional smashing of plates.

JUST above this bustling center at the end of Theorias Street, starts the famous ancient walkway, a cobblestone path around the Acropolis that offers a spectacular view of the city. The most popular mode of dining is under the stars in a garden taverna. This is done throughout September; the tables are brought indoors after that. The best way to get acquainted with the finer specialties is to order *elintikos mezedes* — Greek hors d'oeuvres. Waiters will usually bring an array of spicy meats, fish dishes, vegetables and dips for your selection. At most tavernas, the menus vary from day to day. It is acceptable and sometimes expected for the customer to go to the kitchen, meet the cook and sample the evening's offerings. Traditional favorites include *keftedakia* (small spicy meat balls), *lemonato* (veal in light lemon sauce), *dolmades* (stuffed vine leaves), *moussaka* (a layered pastry with aubergine, chopped meat, cheese and spices) and *kokoretsi* (rolled lamb intestine). Wine is the beverage of choice at most tavernas and is extremely cheap if ordered *varreliso* (from the barrel). Most ta-



Evzone palace guard.

vernas charge \$15 to \$25 for two, including a bottle of wine and hors d'oeuvres. This price almost doubles if one decides to go to a seafood restaurant, as fish in Greece is expensive. There are also many small, home-style tavernas where a couple can have a good meal, including *retzina* wine, for as little as \$10. At international restaurants featuring European, Chinese or Arabic cuisine, one should expect to pay around \$30 to \$40 for two. Athenian night life starts late and continues until the early morning hours. In Plaka, music and dancing clubs with floor shows can be found on nearly every corner. More cosmopolitan, with food and live Greek and international music, are the Nefeli (251 Syngrou Avenue) and at Varkiza Beach. On the cultural side, the Benaki Museum (1 Koumbari Street) houses a collection of ancient and modern Greek art, artifacts, textiles and costumes. The National Archaeological Museum (1 Tossias Street) features perhaps the world's richest collection of artifacts from ancient Greece. The Museum of Cycladic and Ancient Greek Art (14 Neophytou Douka Street, Kolonaki) offers 230 examples of Cycladic island art, covering 2,000 years of Greek civilization. And the Byzantine Museum (22 Sophias), housed in a villa that was built by the Duchess of Plaisance in 1848, features Greece's richest collection of Byzantine and post-Byzantine art. For shopping, the best buys are jewelry, furs, leather goods, pottery, textiles, other traditional

handicrafts and museum copies. Good buys in this latter category are available at the Benaki Museum, the Cycladic Arts Museum and the National Archaeological Museum. A selection of goods can be found in central Athens, around Syntagma Square, and in the streets between that square and the flea market in the old part of town, as the base of the Acropolis. Bargaining is still in order. Prices can come down by a third. The best known producers of jewelry are just off Syntagma Square: Laloumis (6 Panepistimiou, otherwise known as Venizelou, Avenue) or Zolotas (10 Panepistimiou Avenue). But there is also a vast range of other jewelry designs, equally well-made but cheaper, displayed throughout the center. At Zolotas, prices start at \$30 for a sterling silver pin with a design based on an ancient Greek museum piece. Something similar in 18-karat gold would cost about six times as much. Small combined gold and silver jewelry starts at about \$80. For accommodations, the Grande Bretagne hotel is a favorite because of its grand, old-world style. Built in 1862 and refurbished in 1981, it is one of the few remaining examples in Athens of 19th-century neo-classical architecture. A practical advantage is that it is on Syntagma Square, in the heart of the capital. A superior double room costs \$160, a deluxe room \$200.

tal offers modern comforts set in a marble décor. This hotel is a 10-minute taxi drive from the city center. A standard double room costs \$136 a night, a deluxe double \$150. To get away from the congestion of the city, many visitors like the Astir Palace on Vouliagmeni beach. Accommodations range from standard rooms to bungalows and almost all have a view of the sea and surrounding hills. Its sandy beach is the finest on the Athens southern coast. Rooms range from \$130 to \$200. After Oct. 1, prices are reduced by about 15 percent. On the less costly side, there are hotels and pensions such as the Athenian Inn (22 Haritos Street, beneath the Lycabettus hill), the Athens Gate (10 Syngrou Avenue), or the Nefeli (16 Hyperidou Street, in Plaka just beneath the Acropolis). Prices range from \$33 at the Nefeli to \$69 at the Athens Gate. Their rates are also lower by about 15 to 20 percent after Oct. 1. For getting around, taxis are recommended, with a minimum charge of \$1.15 for up to 3 kilometers (2 miles); after 3 kilometers, an additional 20 cents a kilometer. (The rate doubles between 1 and 5 A.M.) Your hotel can arrange a day's sight-seeing tour of Athens with one of the many agencies that use comfortable, air-conditioned coaches. If you want a private tour, at your own pace, your hotel can also arrange a day fee with a taxi. They usually charge about \$100 for a tour from 9 A.M. to 9 P.M.

The Athenaeum Inter-Continental offers modern comforts set in a marble décor. This hotel is a 10-minute taxi drive from the city center. A standard double room costs \$136 a night, a deluxe double \$150. To get away from the congestion of the city, many visitors like the Astir Palace on Vouliagmeni beach. Accommodations range from standard rooms to bungalows and almost all have a view of the sea and surrounding hills. Its sandy beach is the finest on the Athens southern coast. Rooms range from \$130 to \$200. After Oct. 1, prices are reduced by about 15 percent. On the less costly side, there are hotels and pensions such as the Athenian Inn (22 Haritos Street, beneath the Lycabettus hill), the Athens Gate (10 Syngrou Avenue), or the Nefeli (16 Hyperidou Street, in Plaka just beneath the Acropolis). Prices range from \$33 at the Nefeli to \$69 at the Athens Gate. Their rates are also lower by about 15 to 20 percent after Oct. 1. For getting around, taxis are recommended, with a minimum charge of \$1.15 for up to 3 kilometers (2 miles); after 3 kilometers, an additional 20 cents a kilometer. (The rate doubles between 1 and 5 A.M.) Your hotel can arrange a day's sight-seeing tour of Athens with one of the many agencies that use comfortable, air-conditioned coaches. If you want a private tour, at your own pace, your hotel can also arrange a day fee with a taxi. They usually charge about \$100 for a tour from 9 A.M. to 9 P.M.

THE FREQUENT TRAVELER The Ups and Downs Of Flight Ratings

by Thomas L. Waite

FLIGHT delays can sour a getaway, and summer-time and holiday week-ends provide the most frustration. Last September, the U.S. government began requiring the country's largest airlines to report delays caused by airport congestion. The results are published once a month. Q. When are airports most congested? A. Traffic varies from month to month. On-time performance is usually poorest during certain peak periods: holidays, February to and from Florida, August practically everywhere. In addition, traffic varies during the day. Indeed, the demand for convenient scheduling results in delays, airlines said. Most people want flights that leave around 9 A.M. and 5 P.M., resulting in clogged runways at rush hour. So the time a flight is scheduled at congested airports can make a big difference in on-time performance, no matter what carrier is chosen. Q. How are airports most congested? A. Traffic varies from month to month. On-time performance is usually poorest during certain peak periods: holidays, February to and from Florida, August practically everywhere. In addition, traffic varies during the day. Indeed, the demand for convenient scheduling results in delays, airlines said. Most people want flights that leave around 9 A.M. and 5 P.M., resulting in clogged runways at rush hour. So the time a flight is scheduled at congested airports can make a big difference in on-time performance, no matter what carrier is chosen. Q. How are airports most congested? A. Traffic varies from month to month. On-time performance is usually poorest during certain peak periods: holidays, February to and from Florida, August practically everywhere. In addition, traffic varies during the day. Indeed, the demand for convenient scheduling results in delays, airlines said. Most people want flights that leave around 9 A.M. and 5 P.M., resulting in clogged runways at rush hour. So the time a flight is scheduled at congested airports can make a big difference in on-time performance, no matter what carrier is chosen.

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Long-term leases are also available.

INTERNATIONAL CLASSIFIED (Continued from Back Page) ESCORTS & GUIDES. Includes listings for various cities like London, Zurich, and Paris, with contact information for agencies like Aristocats, Geneva Melodie, and Zurich Susan.

Hawaii Continued from page 11

Maui — The Hyatt Regency, built in 1980 and refurbished in 1985, was the first of Hawaii's new generation of megaresorts — lots of shops and restaurants, with high ceilings that give a dramatic if slightly out-of-scale appearance. Rising beside Kaanapali Beach near the old whaling town of Lahaina, the resort features a gargantuan swimming pool with a waterfall, swans and a sunken grotto bar. Rates for a double room: \$190 to \$350. A few miles away, the 191-room Kapalua Bay Hotel, built in 1979, offers greater privacy, large rooms in a South Seas style, architecture that blends well with the tropical landscaping, and two 18-hole golf courses. A \$10 million renovation was completed in January. Rates for two: \$175 to \$325. It is a 50-mile drive over twisting roads from Kahului airport to the Hotel Hana-Mani. At the edge of a cattle ranch on a long curved scarp of white sand backed by a thicket of palm trees, this secluded

hotel has 61 rooms, suites and cottages. It's a place to get away from it all, but at a high cost. Rates for two, including three meals a day, range from \$416 to \$646. HAWAII — Since it was built in the 1960s by Laurence S. Rockefeller, the 310-room Westin Mauna Kea Beach Hotel on the Big Island of Hawaii has been the resort against which all others in the state have been judged. Unlike some of these newer places, the architecture does not overpower visitors and seems to blend well into the natural surroundings. Some guests find it too subdued, but the Mauna Kea remains a casual beach hotel by day and a sophisticated resort hotel by night. Rates for two: \$210 to \$340. European plan, \$315 to \$445 modified American plan. At the nearby Kona Village Resort, vacationers can live in a Polynesian grass hut. Set amid a field of somewhat unimpressive black lava rock, the resort contains almost 100 simulated Hawaiian huts, called hales, that are near a sandy beach or next to a lagoon. This is a casual resort, not a place to dress up for dinner. Rates for two, including three meals daily: \$310 to \$510. Nestled on an attractive beach, the Mauna Lani Bay Hotel, built in 1983, offers a genteel atmosphere and a widely praised golf course. The hotel is now adding, as part of a \$10 million expansion, private pools to each of five new beachfront bungalows as well as a fourth restaurant and larger fitness facility. Rates for two: \$195 to \$295. Robert Lindsey, a writer who lives in California, is the former chief West Coast correspondent of The New York Times, for which he wrote this article.

THE BELLE EPOQUE IN THE PARIS HERALD by Hebe Dorsey. First hand reports of the giddy, glamorous lives of turn-of-the-century international society and the events that influenced their lives. Includes an illustration of a bicycle and a man.

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Erie Continued from page 11. across the sand and lay out the picnic. The swimming is real good. Lake Erie is big enough to have waves and some years ago, around the time the Cuyahoga River in Cleveland caught fire, they made the mills quit pumping effluent and cleaned up the water. A lot of people drive up from Pittsburgh or over from Ohio but the peninsula — officially Presque Isle State Park — is seven miles long (11 kilometers) and the beaches are endless so there's easy privacy if you want it. Or you can eat. This is a city that eats like crazy, an appetite inherited from a Depression generation in a factory town where some nights there wasn't anything at all for dinner. You can go to the Warsaw Cafe for chicken wings, or find a little place that advertises Ox Roast or City Chicken — which isn't chicken but breaded veal and pork kebabs. You can picnic; buy some Polish ham at Urbanaki's market, then wait in the amaretto-scented air of the International Bakery until they call your number and sell you an Italian bread. Or you can go to Hector's. In its own way, the heart of Erie. Been on the corner of 18th and Liberty for 45 years; tile floor in the bar, ladies with black socks in the kitchen, Hector and Angie Di-Tullio laughing with friends, with everybody. "Hey we're famous," says Hector. "We've got 23 judges coming up here from Philadelphia in September. Italian, some of them anyhow, and they're eating here." Everybody orders "Home Mades." Don't be fooled, they also have "Spaghetti" on the menu but homemade pasta in sauce, oh God the sauce, is what Hector's is all about, and the cooled Chianti comes in a straight-sided glass. Dioner for two costs \$13.27. "Where Sportsmen Meet" it says on the check — pictures of Rocky Marciano on the walls and lots of bowling trophies. THEY like their sports in Erie. This July, three of the inductees into the NFL Hall of Fame — Mike Ditka, Fred Biletnikoff (an Erie boy), and Jack Ham, whom they used to call Dobra Shenka ("Good Ham" in Polish), were all from Western Pennsylvania. In baseball season you can go see the Erie Orioles, NY/Penn League, the deepest minors, play Elmira or Johnstown at Ashworth Field. A ticket will set you back three bucks. Or you can just go driving. A lot of people do that in the muggy summer evenings. Listen to Bruce Springsteen or Jon Bon Jovi on the radio and cruise over the railroad tracks, past the empty red factories on State Street, then down the side streets with their big shade trees and brown brick houses flying American flags. At dusk, some breath-taking angel in summer shorts will float down off one of those stoops to get in somebody's beat-up Trans Am or Cougar. Probably headed out to the peninsula, walk on the beach in the red sunset and listen to the poplar trees rattle their leaves in the wind off the lake. Really, it's too bad there's nothing to do here, because it wouldn't be such a bad place to visit. Alan Furst's latest book is "Night Soldiers" (Houghton Mifflin in the United States, The Bodley Head in the United Kingdom).



NYSE Most Actives table listing top trading volume stocks like Ford, IBM, and General Electric.

Market Sales table showing volume and value for NYSE, AMEX, and NASDAQ.

NYSE Index table showing the index value and its change from the previous day.

Thursdays NYSE Closing logo with the text 'Via The Associated Press'.

AMEX Diary table listing stock prices on the American Stock Exchange.

NASDAQ Index table showing the index value for the National Association of Securities Dealers.

AMEX Most Actives table listing top trading volume stocks on the AMEX.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing specific stock prices and changes.

Odd-Lot Trading in N.Y. table showing trading activity for odd-lot shares.

Dow Jones Averages table showing the performance of the Dow Jones Industrial Average.

Standard & Poor's Index table showing the S&P 500 index value.

NASDAQ Diary table listing stock prices on the NASDAQ market.

AMEX Stock Index table showing the AMEX stock index value.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed in Dull Trading

NEW YORK — Prices closed narrowly mixed Thursday in moderate, directionless trading on the New York Stock Exchange that broke a three-day advance but left most of the recent gains intact.

The Dow Jones industrial average, which had risen 0.53 Wednesday, fell 2.67 to close at 2,953.12. The modest retreat ended a three-day run in which the Dow had advanced more than 63 points, including the 52-point jump last Friday.

Advances edged declines by about a 7-6 ratio. Volume remained sluggish at 149.33 million shares, up from 139.59 million traded on Wednesday.

Broader market indexes posted modest gains. The NYSE composite index rose 0.08 to close at 150.46. Standard & Poor's 500-stock index rose 0.01 to 265.85. The price of an average share added 1 cent.

"One has to be impressed with this market," said Tom Gallagher, managing director in charge of capital commitment at Oppenheimer & Co.

"People had several chances during the session to kill it on the downside, and they failed," Mr. Gallagher said. "I think we are seeing some of the healthiest action in the market in a long time. We can't run up 20 points every day."

"We have had a decent run, and it's not surprising to see some profit taking. In addition, the market was able to deal with the negative news about Drexel," Mr. Gallagher said, referring to the Securities and Exchange Commis-

sion's charges Wednesday that the brokerage violated insider-trading regulations.

"The leadership in the market is not in any one group of stocks but in individual stocks," Mr. Gallagher said. "That's a healthy sign. People are making decisions where to put their money."

Ralph Acampora, director of technical research at Kipper, Feinberg & Co., said, "It is difficult to be bullish in the market across-the-board, but there are pockets of strength that should keep the bias to the upside."

"There is strength in the consumer and financial stocks," Mr. Acampora said, "while the areas to avoid are the economic-sensitive issues, such as the technology and energy stocks."

Pacific Gas & Electric was the most active issue, down 1/4 to 17 1/4.

Chemical New York followed, down 1/4 to 32 1/4.

Ramada was third, jumping 2 1/4 to 9 1/4, on news of a \$10-a-share takeover bid by the Prinkert family of Chicago.

AT&T was unchanged at 25 1/4. IBM rose 1/4 to 112.

Among other blue chips, General Electric was up 1/4 to 41 1/4, Boeing was up 1/4 to 50, Procter & Gamble was up 1/4 to 78 1/4 and USX was unchanged at 27 1/4.

Prices closed higher in slow trading on the American Stock Exchange.

The Amex Market Value index rose 0.64 to 279.00. The price of an average share added 3 cents. Advances led declines, 278 to 251. Volume was 9.87 million shares, up from 8.42 million on Wednesday.

Large table of stock prices and changes, columns include 12 Month High/Low, Stock, Div. Yld. PE, 52 High/Low, and Close/Chg.

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(Continued on next left-hand page)

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Herald Tribune BUSINESS/FINANCE

to London, Düsseldorf, Paris and Brussels. FUJI BANK Page 15

WALL STREET WATCH

Damages Paid by Kodak May Decide Polaroid's Fate

By ROBERT J. COLE New York Times Service

NEW YORK — The smart money on Wall Street is beginning to think that the outcome of Roy E. Disney's slowly simmering takeover battle for Polaroid Corp. depends more on Eastman Kodak Co. than on Mr. Disney. A key reason is that Polaroid's patent-infringement trial against Kodak is only four months away. Rather than sell now, near the stock's 12-month high, some investors may find the trial worth waiting for.

The payout could total \$1 billion, and some experts put it as high as \$2 billion.

Wall Street, however, was less than overjoyed. If Polaroid were to collect as much as \$2 billion, that would be the equivalent of \$20 per share. But Mr. Disney, who heads Shamrock Holdings, proposes paying only 40 percent to shareholders, or \$8. Thus, his best offer would total only \$48 — less than the stock might reach on its own or if a better offer emerged.

THE PROPOSAL by Mr. Disney is not regarded very highly, according to this analyst, partly because of Polaroid's high cost-cutting. In July, Polaroid said it expected to save \$50 million a year starting in 1989 through voluntary retirement from as many as 800 people. Other cost cuts, it said, would save \$20 million more a year.

Using a standard benchmark of 10 times earnings to determine the value of the stock, the analyst maintained that if Polaroid's earnings reached \$3, the stock could be worth at least \$30, just on the basis of earnings.

And if Kodak were ordered to pay as much as \$2 billion (or \$20 a share), the stock might reach \$50, the analyst argued, "So, why rush to take \$40 plus 40 percent from Shamrock?"

Analysis expects one or more additional offers for Polaroid to develop soon, possibly including one from a Japanese company. Kodak itself is viewed as a possible bidder, to resolve the huge damage award expected.

Pritzkers Seeking Ramada

\$369 Million Bid Is \$10 Per Share

WASHINGTON — HCC Corp., a company controlled by the Pritzker family of Chicago, said Thursday that it had offered to buy Ramada Inc. for \$10 a share, or about \$369 million for the 92.8 percent of the hotel concern it does not already own.

Separately, Ramada said it had ended talks on forming a joint venture with BAA PLC, formerly the British Airports Authority, to jointly own Ramada's international division and Renaissance hotels in the United States, because control and structure of the venture could not be resolved.

Jeremy Marshall, BAA chief executive, said the concern was "disappointed" but remained "enthusiastic to expand into hotel management."

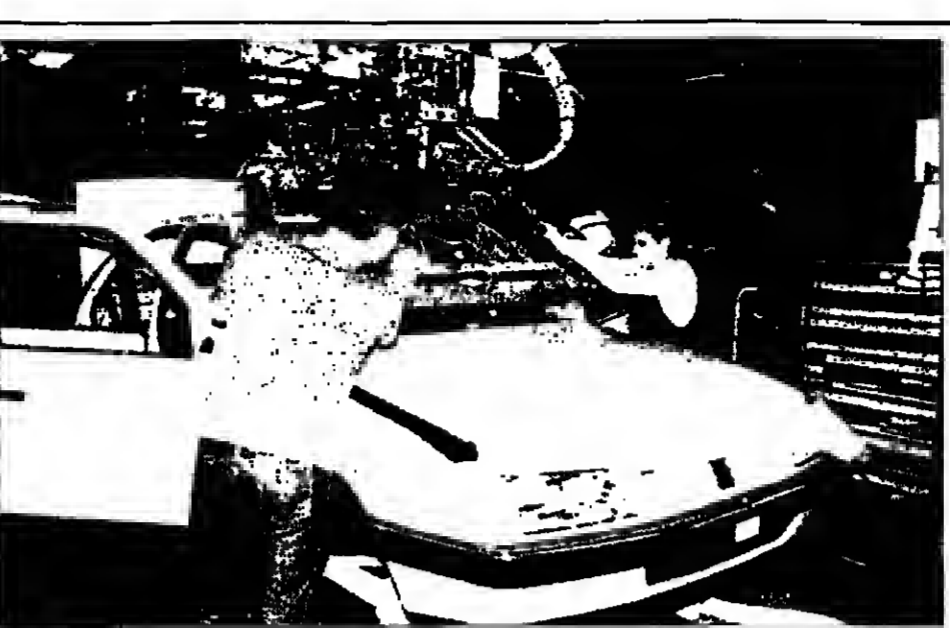
Ramada stock rose \$2 to \$9.625 a share on the New York Stock Exchange after the offer from the Pritzker family, which owns Hyatt Corp., the Chicago-based hotel company.

HCC proposed the takeover in a letter Wednesday to Ramada, which was filed with the Securities and Exchange Commission.

The Pritzker company currently holds 2,858,100 shares of Ramada common stock, or 72 percent of the common shares outstanding. Ramada, based in Phoenix, Arizona, is a hotel, restaurant and casino chain. HCC said its intentions were subject to the "support or nonopposition" of Ramada's board, approval of federal antitrust regulators and approvals from gaming regulators in New Jersey and Nevada.

"Should you choose not to commence a dialogue with us or should market conditions warrant, we may take unilateral action to increase our stake in the company or to dispose of all or any part thereof," HCC also said it might modify its bid if Ramada managers showed the company was worth more money.

A Ramada spokesman said the company had no comment but added it told the Pritzkers in March it was not interested in a takeover.



Employees work on a Peugeot 405, an important weapon in the company's growth strategy.

French Stance on Autos Vexes EC

Moves to Protect Domestic Firms Create Obstacles

PARIS — Efforts by France to protect its domestic auto industry could obstruct plans by the European Community to create a single market by 1992, industry analysts say.

"The car issue is a massive stumbling block for the 1992 program," said Paul Capera, an analyst with DRI Economic Consultant. "France poses the biggest problem with its low quota of Japanese imports and the last state-owned carmaker, Renault."

"The five countries which impose limits at the moment are going to have to open their borders," an EC official said. "The question is what's going to happen after 1992."

Renault and other French carmakers, as well as producers in Spain, Portugal, Italy and Britain, are now protected through limits on imports from Japan and other Asian countries.

France has limited Asian car imports since 1978 to 3 percent of its domestic market through "voluntary agreements" with Asian nations. Analysts said Paris appeared determined to retain the limits.

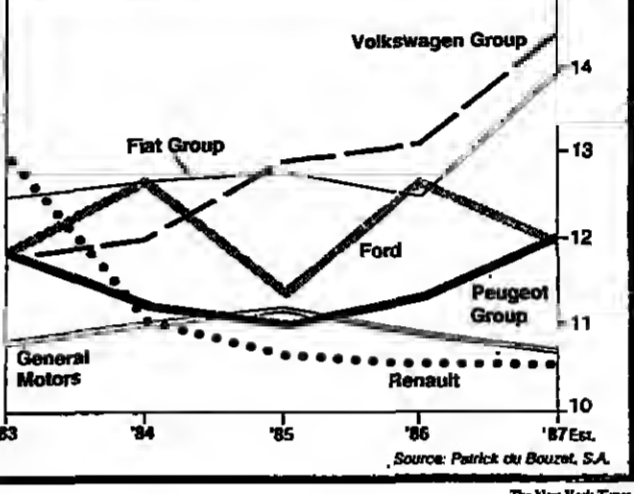
The four Japanese concerns that sell most Asian cars in France — Nissan Motor Co., Toyota Motor Corp., Honda Motor Co. and Mazda Motor Corp. — have for the time being agreed to stick to their existing market shares.

Mitsubishi Corp. has also been allowed a small slice of the French market, but Suzuki Motor Corp., Isuzu Motors Ltd., Daihatsu Motor Co. and Subaru, a subsidiary of Fuji Heavy Industries Ltd., were shut out.

The French government is now considering applications to sell cars in France from Kia Motor Corp. of South Korea and Nissan Motor Co. and Subaru of Japan.

"Don't expect a decision tomorrow," an Industry Ministry official said of the applications. "France's position is that a

The Battle to Sell Cars in Europe European market share of passenger cars.



Source: Patrick du Bouzet, S.A. The New York Times

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See AUTOS, Page 17

Lawson Unveils Alternate Plan For EC Taxes

LONDON — Nigel Lawson, the chancellor of the Exchequer, sent a proposal to other finance ministers of the European Community on Thursday, outlining an alternative collection method for sales taxes that would not require the countries to harmonize their rates.

The European Commission, the executive branch of the community, reacted coolly to the proposals. A spokesman said "there was no other credible alternative" than an earlier plan by the commission to the problem of differing value-added tax rates in European countries.

In preparation for the planned removal of internal trade barriers in 1992, the commission previously had proposed that VAT rates, which range up to 38 percent depending on the products and countries, be brought into two bands by 1992. Some products would be taxed at 4 percent to 9 percent, while others would be subject to levies of 14 percent to 20 percent under this proposal.

The British government has criticized this plan, which would require it to end its zero VAT on such goods as food and baby clothing.

There already has been friction over the subject with Britain, which was ordered by the European Court of Justice in June to impose VAT on goods and services that do not go to the final consumer. These include new buildings that are not for private housing, electricity sold to industry and supply of news services to financial institutions.

Britain has pledged to maintain its zero rate on such basic items as food and has said that it is not necessary to harmonize VAT and excise duties to create a single market among the European Community members.

The rival plan by Mr. Lawson would scrap tax controls at the borders of EC countries. Instead, a system would be created to calculate and pay taxes to countries owed money because of cross-border trade.

He asserted that this would reduce the number of administrators needed to monitor VAT movements.

The British Treasury said Mr. Lawson had agreed to prepare his paper after the Economic and Financial Affairs Council of the community highlighted many problems with the commission's stance.

Other members of the community, including France and Luxembourg, have also criticized the commission's plans.

Mr. Lawson's alternative system is to be discussed by the economic and finance panel at an informal meeting on the Greek island Crete on Sept. 17.

The architect of the EC proposal is the commissioner for 1992, Lord Cockfield, a former British tax inspector, who contends that harmonization is essential for preventing countries from erecting tax barriers to protect their industries from foreign competition.

Prime Minister Margaret Thatcher of Britain has replaced him as the country's senior representative on the European Commission, a move seen as signaling her displeasure with his position. (Reuters, AFP)

French Panel Targets Japan

PARIS — France on Thursday named a banker to plan a European-wide strategy aimed at preventing a technological "invasion" from Japan which a single European market is created in 1992.

Ethel Cresson, minister of European affairs, said Gerard Worms, Compagnie Financière de Suez's managing director, would head an advisory group to the French government. The ministry said Mr. Worms's assignment would be "to work out a strategy to prevent Europe and France being invaded by Japanese technologies" in communications and broadcasting.

Currency Rates

Table showing exchange rates for various currencies including Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, etc.

Other Dollar Values Table with columns for Currency, Par \$, and values for various international currencies.

Forward Rates Table showing 30-day, 60-day, and 90-day forward rates for various currencies.

Interest Rates Table showing various interest rates for different instruments and currencies.

Interest Rates

Table of interest rates for various currencies and instruments.

Key Money Market

Table of key money market rates including US and UK rates.

Asian Dollar Deposits

Table of Asian dollar deposit rates for various Asian currencies.

U.S. Money Market Funds

Table of US money market fund performance data.

Drexel Charges Have Little Market Impact

NEW YORK — Prices of so-called junk bonds and of stocks in companies that are takeover targets were slightly lower Thursday in reaction to the news that the U.S. government had sued Drexel Burnham Lambert Inc. on charges related to insider trading.

The Securities and Exchange Commission filed a civil action Wednesday against Drexel and some of its executives, including Michael Milken, who heads the firm's junk bond department.

Drexel and Mr. Milken have denied wrongdoing. Traders said concern that some of the takeover deals in which Drexel is involved may fall through has prompted speculators to slightly cut their inventories in some stocks.

"It's a knee-jerk reaction," a trader said. "No one wants to stick their necks out."

Dealers cited as examples Polaroid Corp., which fell 87.5 cents to \$39.75 a share in trading on the New York Stock Exchange, and Cherokee Group, a clothing maker, which fell 25 cents to \$12.875 in over-the-counter activity.

Stock in Mellon Bank Corp., which is depending on Drexel to help it spin off bad loans and raise capital, was 37.5 cents lower at \$27.875.

Traders also mentioned Interco Inc. Drexel is the dealer manager for the hostile takeover of Interco by a unit of Cardinal Acquisition Corp. Interco said Cardinal had not informed the company whether it had received definitive financing for its tender offer. Interco was down \$2 to \$69.75 on the New York Stock Exchange.

Prices of junk bonds were only slightly lower. Activity was thin but most analysts and traders did not expect Drexel's problems to have a major impact on the market.

Drexel and Mr. Milken are considered the dominant force in the market for junk bonds, which are low-rated and high-yielding debt securities. In the past decade, the amount of such bonds outstanding has grown to about \$160 billion from about \$24 billion.

Drexel's sales and trading of these instruments have recently moved in an estimated range of 40 to 70 percent, depending on market conditions.

Mr. Milken is credited with having grasped the potential of bonds due to lower interest rates and increased syndicate profits. Lloyd's discloses profits three years after becoming of the time involved in settling claims. In the past three years, there has been a radical change in the insurance business, analysts note, with underwriting profits affected by overcapacity and a slowdown.

Advertisement for TDB American Express Bank, featuring the slogan 'TWO STRENGTHS, LINKED.' and describing the bank's services and global reach.

Gold

Table showing gold prices for various locations and currencies.

Thursdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low, Div. Yld. PE, etc. Lists various stocks and their prices.

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NYSE Highs-Lows

Table with columns: NEW HIGHS 12, NEW HIGHS 14, NEW LOWS 12, NEW LOWS 14. Lists stock symbols and prices.

AMEN Highs-Lows

Table with columns: NEW HIGHS 9, NEW LOWS 7. Lists stock symbols and prices.

GM Said to Offer 3% More for Steel

PITTSBURGH — General Motors Corp. the largest single U.S. buyer of steel, has agreed to a 3 percent average price increase with metal companies, industry sources said Thursday. GM, which confirmed that it had reached agreements last month on new purchasing contracts with steelmakers, would not reveal the prices negotiated. Steel industry sources said the new prices were in line with those set with Ford Motor Co. and Chrysler Corp. The contracts will help steel companies recoup some of the price erosion sustained during the industry's downturn in recent years, industry observers said. "Last year a lot of long-term contracts, yearly contracts, were negotiated early enough so that the supply and demand situation was not as strongly in favor of the steel companies," said Robert Tothman, a spokesman for National Steel Corp. He noted that spot market prices have risen between 12 percent and 18 percent over the past 12 months. National, a joint venture between National Intergroup Inc. and Japan's Nippon Kokan K.K. shipped about two million tons of steel to the automotive industry in 1982, he said. Some steel industry analysts said they thought the industry was unable to wrest higher price increases than the 3 percent cited because of automakers' assumptions that prices and demand would begin to weaken within a year. Analysts said General Motors spent about \$3 billion for 5.5 million tons of steel last year.

AT&T Division Plans To Eliminate 6,000 Jobs

NEW YORK — American Telephone & Telegraph Co. plans to cut up to 6,000 jobs over the next two years in the division that runs its long-distance phone operations, a spokesman said Thursday. He said the network operations group was the first AT&T unit to prepare plans for employment cutbacks but other divisions were working on similar moves. He said the layoffs primarily would affect administrative and clerical support employees who have no contact with the public.

Foreign Concerns May List in Taiwan

TAIPEI — Taiwan may allow foreign companies to list their stocks on the Taipei exchange by issuing depository receipts through local banks, an Economics Ministry official said Thursday. The official, from the Securities and Exchange Commission at the ministry, said the receipts would function as shareholder certificates and the move would provide another investment vehicle to absorb liquidity in Taiwan. The abundance of surplus cash has overheated the local stock and real-estate markets, with share prices soaring to 2.4 times their levels in January. The move would also help Taiwan investors

U.S. Futures Via The Associated Press

Table with columns: Section, High, Low, Open, High, Low, Close, Chg. Lists various futures contracts like Wheat, Corn, Soybeans, etc.

Currency Options

Table with columns: PHILADELPHIA EXCHANGE, PHLX, etc. Lists currency options for various currencies.

London Commodities

Table with columns: SUGAR, COFFEE, etc. Lists London commodity prices.

Paris Commodities

Table with columns: SUGAR, COFFEE, etc. Lists Paris commodity prices.

U.S. Treasuries

Table with columns: Treasury bills, notes, bonds. Lists U.S. Treasury securities.

Food

Table with columns: COFFEE (NY), SUGAR (NY), etc. Lists food commodity prices.

Metals

Table with columns: COPPER (COMEX), ALUMINUM (COMEX), etc. Lists metal commodity prices.

Stock Indexes

Table with columns: SP 500 INDEX (CME), NYSE COMP. INDEX (NYSE), etc. Lists stock index values.

Dividends

Table with columns: Company, Dividend, etc. Lists dividend information for various companies.

Spot Commodities

Table with columns: Commodity, Price, etc. Lists spot commodity prices.

Company Results

Table with columns: Company, Revenue, etc. Lists financial results for various companies.

DM Futures Options

Table with columns: DM Futures, Options. Lists DM futures and options prices.

Commodity Indexes

Table with columns: Moody's, etc. Lists commodity index values.

Financial

Table with columns: U.S. T. BILLS (HMM), GOLO (COMEX), etc. Lists financial market data.

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Table with columns: Commodity, Price, etc. Lists spot commodity prices.

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U.S. Treasuries

Table with columns: Treasury bills, notes, bonds. Lists U.S. Treasury securities.



**BUSINESS ROUNDUP**

**Ultramar to Buy California Refinery**

**Reuters**  
LONDON — Ultramar PLC said Thursday that it would buy an oil refinery in California from Union Pacific Corp. for \$440 million and that it planned to raise \$130 million (\$221.8 million) through a rights issue.

Ultramar's stock, trading ex-dividend, dropped 31.5 pence to close at 215.5 pence a share on the London Stock Exchange.

The refinery deal is expected to be completed on Dec. 1. It follows an August announcement that Ultramar would acquire Blackfriars Oil & Gas Ltd., which owns assets in the North Sea, from Associated

Newspapers Holdings PLC for \$111.6 million.

The Wilmington refinery in California was mainly constructed in the early 1980s and has the capacity to run 100,000 barrels a day of crude oil and partially refined feedstocks. It can produce a light product yield of around 80 percent comprising mainly unleaded gasoline, diesel and jet fuels.

In the first half of 1988, Wilmington had operating profit of \$33.9 million on sales of \$372.9 million.

Some market observers expressed surprise that Ultramar had bought the refinery. Last year, its

Beacon Oil Co., through which it is making this acquisition, had closed its refinery in California.

Analysts however, pointed out that the refinery that was closed had a much smaller capacity, around 20,000 barrels per day, and was landlocked. "There really is not much comparison between the two," one said. "This is a far superior plant."

Ultramar said a combination of Californian crude oversupply, growing product demand and limited local refining capacity provides excellent prospects for Wilmington.

Ultramar said the acquisition established it as a leader in the independent sector of the California refining and marketing industry and provides it with its own marketing operation with its own source of refined product supply.

Union Pacific, the third-largest U.S. railroad company, has recently bought most of USPCI Inc., a hazardous waste management concern, in transactions totaling about \$400 million. It also acquired the Missouri-Kansas-Texas Railroad for \$110 million.

The Ultramar rights issue will allow current shareholders to buy six new shares for every 25 held at a price of 200 pence per share. The money raised is to be used to finance the refinery purchase.

Ron Brierley, the New Zealand businessman, has agreed to subscribe to the rights issue for the 13.7 percent interest held in Ultramar by IEP Securities Ltd.

**Sony Sells Robotics In the U.S.**

**Reuters**  
NEW YORK — Sony Corp. announced Thursday its entry into the U.S. market for factory-automation systems, a first step in Sony's effort to double the size of its computerized manufacturing business, company executives said.

The announcement said Sony had sold its first units in the United States to Polaroid Corp. Polaroid bought several Sony "smart" automatic assembly lines, which Polaroid will use to assemble the film-ejection mechanism in its impulse instant camera. It was the first big sale of factory automation gear for Sony outside of Japan.

Sony executives said the company hopes to increase sales of factory automation systems, which use robots and computers to automate manufacturing, to \$100 million by 1991, from about \$50 million this year.

"I think there is a big market in the United States for this kind of product," said Masahide Jimbo, general manager of overseas marketing for the production technology group at Sony.

Other companies selling the systems in the United States are Adept Inc. of California, the Swedish-Swiss engineering concern Asa Brown Boveri, GMFann Robotics Corp., a joint venture of General Motors Corp. and Fancu Ltd. of Japan, and several Japanese companies, including Matsushita Electric Industrial Co.

Sony said it had been using the system to assemble a variety of its own products, including 8mm video cameras.

**Japanese Profits Grow but at Slower Rate**

**Reuters**  
TOKYO — Strong domestic demand and a weaker yen are boosting Japanese corporate profits in the current year above initial forecasts.

But investors are no longer impressed. They are focusing on the prospect of slower earnings growth this year and next, analysts said.

"Revised forecast levels are all about as expected, and it's all been pretty much discounted in the market," said an economist at NRI & NCC Co., research arm of Nomura Securities Co. "Next year, growth is sure to slow. The question is, how much?" the economist said.

Major companies' current profits are expected to rise an average 18.8 percent in the year ending March 31, 1989, from a year earlier, the Yamauchi Research Institute of Securities and Economics said Monday. It had earlier forecast that profits would rise 10.8 percent.

The strongest growth is expected in the manufacturing sector, where current profits are expected to rise 38.5 percent, compared with a previously forecast 28.7 percent.

NRI & NCC is expected to announce its latest earnings forecasts later this week. They will almost certainly be higher than the 16.6 percent growth for all sectors and

the 31.5 percent rise for manufacturers that Nomura forecast in June, the NRI economist said.

But the rate of earnings growth, while higher than initial forecasts, is lagging behind last year's rate. Yamauchi's survey said total corporate earnings grew 22.1 percent in 1987-88, while manufacturing profits jumped 62.4 percent.

Many shares have come off highs reached in July and August in anticipation of forecast revisions for the current year, analysts said.

Canon Inc. hit its year's high of 1,690 yen (\$10.40) on Aug. 12, after an Aug. 8 announcement that its current profit in the six months to June 30 rose to 20 billion yen, a 140 percent jump from the same period a year earlier. Canon closed at Thursday at 1,490.

Toshiba Corp. reached a year's high of 1,240 yen on July 22, well before a Sept. 2 statement that net profit in 1987-88 was expected to hit 60 billion yen, up from an earlier forecast of 46 billion. Profit in 1987-88 was 37.04 billion. Toshiba closed Thursday at 1,060.

**Iran Denies It Plans to Sell Krupp Stake**

**Reuters**  
BONN — Iran has no plans to sell its holdings in the Krupp group, Iran's representative on the board of Fried. Krupp GmbH said Thursday. Mohamed Mehdi Navab-Motlagh, the Iranian deputy minister for investment, said he had not talked with Westdeutsche Landesbank Girozentrale or Lonrho PLC of Britain about Iran's 25.01 stake in Fried. Krupp or its 25 percent stake in a subsidiary, Krupp Stahl AG.

German media reports that Iran wants to shed its shares in Fried. Krupp GmbH and in Krupp Stahl AG have no basis in truth," he said. But Mr. Navab did not deny having met officials at WestLB and Lonrho.

**Morgan Grenfell Profit Off**

**Compiled by Our Staff From Dispatches**  
LONDON — Morgan Grenfell Group PLC, a major British merchant bank, reported Thursday that pretax profit in the first half fell 53 percent because of difficult trading conditions after the October stock market collapse.

Morgan Grenfell called the profit performance "disappointing," and stock market traders said it raised speculation about another wave of layoffs at financial houses. Many London-based investment banks have already trimmed staff since the market collapse.

Morgan Grenfell's pretax profit for the six months ended June 1988 fell to £21.92 million (\$37.43 million) from £47.05 million a year earlier. Per-share earnings were

8.38 pence, down from 19.7 pence. Net profit sank 56 percent, to £14.08 million from £31.97 million a year earlier.

The net included an extraordinary loss of £293 million on the sale of a subsidiary. There were no extraordinary items a year ago.

The company's stock plummeted 24 pence to end at 252 pence on the London Stock Exchange.

"Trading conditions during the period were in the main difficult and our financial results disappointing," said Sir Peter Carey, the chairman, who added that first-half results still topped pretax profit of £5.2 million in the last half of 1987.

(AP, Reuters)

**AUTOS: France Moves to Protect Domestic Industry**

**(Continued from first finance page)**  
community-wide ruling has to be made by Brussels," she said.

The 12 countries in the EC have so far failed to agree on a common external-trade regulation dealing with future car imports from Asia and the United States. The European Commission, the EC's executive body, however, is said to be working on new rules.

Over the past 10 years the Japanese have bitten deep into the market shares of Peugeot, Renault and Fiat in countries such as West Germany, Denmark, Ireland, Belgium, the Netherlands and Luxembourg, where there are no import restrictions.

Today the protected markets remain the last stronghold for French and Italian carmakers. As a result, France has shown no inclination to open its door to the Japanese and South Koreans.

In a recent move to protect its domestic car industry, the French

government in July rejected an EC agreement to cut exhaust emissions by half before 1992 on cars with engine capacity of less than 1.4 liters.

With the support of Peugeot SA, the government withdrew its backing for the EC agreement after the Netherlands said it would offer drivers tax incentives to buy cars conforming to stricter exhaust standards like those set in the United States.

Paris feared the exhaust standards could fragment the European market and favor the import of Japanese cars, which already conform to U.S. emission-control standards.

Analysts said that by trying to protect its own industry, Paris has effectively emerged as chief lobbyist for car manufacturers in southern Europe, where most of the EC's cheap small cars are built.

But analysts added that there were no signs of official policy coordination, even though the French

position on car imports is similar to the attitude of Italy, for instance.

Paris has not yet responded to a request made earlier this year by Nissan for a French import license for its British-built Bluebirds.

Industry sources said France was likely to reject the application — despite British support for Nissan — and stick to the position set by the European Carmakers' Association that calls for local content of at least 80 percent.

Since Subaru made its bid to break into France last April with a request to build a factory in Angers, the French government has been considering whether to protect its home market or welcome the job and investment that such a factory would offer.

"We're going to demand that it's not a screwdriver factory," said an Industry Ministry official. "We're talking about 80 percent local content, but that hasn't been formalized yet. There definitely won't be any decision this month."

**BANQUE NATIONALE DE PARIS**  
Floating rate note issue of U.S. \$400 millions  
September 1983/91  
The rate of interest applicable for the Period beginning 6 September 1988 and set by the reference agent is 9/8% annually.

**THE BRAZIL FUND S.A.**  
Sociedade de Investimento  
D.L. No. 1401  
Bearer Depository Receipts "BDRs" issued by European Overseas Issuing Corporation  
Undersigned is pleased to announce that coupon no 24 of the BDRs The Brazil Fund S.A. will be payable from September 19th, 1988 at the rate of US\$ 133.20 per 1,000 BDRs, and US\$ 1,332 per 10,000 BDRs with the Office of:  
**NMB Bank De Amsterdamse Poort 1102 MG Amsterdam Zuidoost The Netherlands.**  
This amount represents the gross dividend of Cz\$ 1.45 per share, less Brazilian withholding tax of 15% and the Depository's commission of 1 pct.  
**NMB Depository Company BV**  
Amsterdam, 9 September 1988

**VOTE BY ABSENTEE BALLOT**

Being out of town on Election Day doesn't mean you lose your power to vote. Call your local Board of Elections for more information on absentee voting. Find out how easy it is to vote by absentee ballot.

**FEEL THE POWER**  
**VOTE AMERICA**  
AMERICA'S FUTURE DEPENDS ON AMERICA'S VOTERS  
A non-partisan project of the New America Foundation

FINANCIAL NEWS FROM B.A.T. INDUSTRIES

**RECORD FIRST HALF PRE-TAX PROFIT +11%**

	6 months to June 1988	6 months to June 1987	Change
PRE-TAX PROFIT	£711m	£642m	+11%
EARNINGS PER SHARE	28.02p	26.09p	+ 7%
DIVIDEND PER SHARE	7.60p	6.50p	+17%

Interim dividend of 7.60 pence, up 17 per cent • Further good progress in second quarter • Half year turnover at constant exchange rates rose 7 per cent • Financial services — substantial progress with a profit of £217 million, an increase on 1987 even though smoothed investment gains were £49 million lower. Eagle Star's underwriting performance much improved, and record first half for Allied Dunbar • Tobacco profits up 25 per cent — BATCo and Brown & Williamson did well in domestic markets, with buoyant export sales • Paper and pulp profit up 7 per cent — progress by Wiggins Teape and associated companies outweighed reduced profit from Appleton • Argos and Horten had good first half but US retailing results suffered from reduced margins.

**B.A.T. INDUSTRIES**  
FINANCIAL SERVICES • RETAILING • PAPER • TOBACCO

The full quarterly report is being posted to shareholders, and copies are available from the Company Secretary, B.A.T. Industries p.l.c., Windsor House, 50 Victoria Street, London SW1H 0NE.



CURRENCY MARKETS

Dollar Up Despite Official's Remark

NEW YORK — The dollar advanced on a negative reaction to comments by a Treasury official that a large rise in its value could harm the U.S. trade situation and closed slightly higher against key foreign currencies.

The dollar had opened higher in U.S. trading after posting gains in Europe, but it weakened when David C. Mulford, assistant Treasury secretary for international affairs, said an extreme rise in the currency "could hamper" the trade balance.

He made his comments at Goldman, Sachs & Co.'s annual conference on foreign exchange. "The comments by Mulford tended to put some downward pressure on the dollar," said Thomas J. Bauer, a currency analyst at the Bank of Montreal.

But the U.S. currency later regained its upward momentum to close higher on the day. Some of the strength was attributed to cross trading in which dealers bought Swiss francs and sold Deutsche marks. Such transactions are often done through the dollar.

The dollar rose to 1.8445 DM from 1.8425. It had traded above 1.85 DM early in the day. The U.S. currency also edged higher against the Swiss franc, rising to 1.5600 from 1.5545.

Against the yen, the dollar rose to 133.60 from 133.40, and it advanced to 6.2860 French francs from 6.2765. The pound fell to \$1.7005 from \$1.7075.

The earlier gains in Europe came on light volume as dealers branched trading before Friday's scheduled report on U.S. wholesale prices for August. "The market was basically dead, reflecting the current confusion

London Dollar Rates

Table with columns: Currency, The, Bid, Ask. Includes Sterling, Swiss Franc, Deutsche Mark, Japanese Yen, French Franc, Italian Lira.

over the dollar's direction," said a dealer at a U.S. bank in London. The dollar closed at 1.8480 Deutsche marks in London, just up from 1.8465 DM at Wednesday's close, and at 133.85 Japanese yen, slightly above 133.75 yen on Wednesday.

The British pound lost almost a cent to close at \$1.6965 from \$1.7055 on Wednesday. A West German currency trader said, "Anything above the 0.5 percent rise the market is expecting" in

the producer price index "should send the dollar higher." A wholesale price increase of more than that, or significant increases in the core component excluding food and energy, could stir renewed speculation about interest-rate rises in the United States.

There was continuing speculation over a realignment within the European Monetary System, stemming from the weakness of the lira and French franc against the mark. Still, dealers said, trading in those two currencies remained minimal.

The Bank of France and the Bank of Italy both sold marks at the afternoon fixings. The mark was fixed at a six-month high against the franc in Frankfurt on Thursday and at a record high against the lira.

Previously, the Fed reported a rise of \$543 billion in consumer credit in June.

U.S. Capital Spending Up

WASHINGTON — U.S. businesses are likely to spend a record \$429.35 billion on new plants and equipment this year, which is 11.6 percent more than in 1987, the Commerce Department said Thursday.

Although the estimated increase was slightly lower than the 11.9 percent projected by the department in June, the rise would still be the biggest increase since 1984, when capital spending rose 16.6 percent.

Economists said businesses were gearing up to expand production to meet a combination of strong domestic demand and rush of foreign orders. U.S. exporters are enjoying booming business thanks to the steep decline in the dollar between 1985 and 1987, which made American goods cheaper on world markets.

The projected increase would follow a modest 2.3 percent rise in capital spending in 1987 and a 3.9 percent decline in 1986. Meanwhile, the Federal Reserve Board said U.S. consumer credit rose a seasonally adjusted \$2.57 billion in July, for an annualized growth rate of 4.8 percent after a revised increase of \$8.05 billion in June.

Previously, the Fed reported a rise of \$543 billion in consumer credit in June.

SKIES: Airlines Make Appeal to Reduce Crowding

(Continued from Page 1) ports in Europe and concluded that 35 are badly congested and seven are approaching saturation.

In Munich this summer, the airport operated at full capacity for 93 percent of the time it was open for traffic, according to the task force's report.

Frankfurt operated at full capacity for 83 percent of working hours, said London-Garwick and other airports identified as "priority" problems were Düsseldorf, London-Heathrow, Milan-Linate and Rome.

The report said IATA was pressuring governments to lift night curfews, at least to allow delayed flights to get to their base and early trans-Atlantic arrivals to land instead of waiting for the official airport opening.

"While there are several airports which are giving serious consideration to these proposals," the re-

port said, "there are others which are contemplating even stricter night limitations."

It added that this took no recognition of the fact that airlines have spent billions of dollars on new aircraft that are much quieter than when airport curfews were first set in the 1960s and 1970s.

The task force also called for restrictions on private and recreational aircraft at major airports, which it said would allow a significant increase in capacity.

But even if governments increase runway capacity and build new terminals in the face of environmentalist opposition, the task force report said the improvements would be of little use unless governments harmonized their air traffic control systems and better coordinated military and civilian airspace.

The task force urged governments to take into account the special nature of the work done by air

traffic controllers and to make every effort "to achieve more flexible working arrangements properly rewarded and more in tune with traffic peaks."

Considerable disruption has been caused in Europe this year by labor disputes between governments and controllers in France, Greece, Spain, Portugal, Finland, Yugoslavia and Switzerland.

Only one new airport, at Munich, is scheduled for completion, and others are under consideration for Athens and Oslo. But the task force said this is insufficient.

"The planning, design and construction of a new runway takes a minimum of five years and that for a new airport at least 10 years," it said. "Important decisions must therefore be taken now if there is going to be adequate capacity for the future liberalized environment."

In another development at the air show, Fokker NV, the Dutch aircraft maker, announced that it would offer a stretched version of its model 100 twinjet aircraft, carrying up to 130 passengers on short and medium routes.

The company said a decision to go ahead with the model would be contingent on enough launch orders, but it did not say how many. It said the proposed plane, which would be powered by a higher-thrust Rolls-Royce Tay 670 turbofan engine, could be ready for delivery within three years of a formal decision to begin production.

The Soviet Union's Antonov 124 transport plane, the world's largest aircraft, finally made a demonstration flight at the show after a replacement engine was flown in aboard an old propeller-driven Antonov 22.

The Antonov 124 had an engine failure during takeoff on Sunday and the flight had to be aborted.

Pöhl Dismisses Talk of Currency Realignment and Monetary Change

By Ferdinand Protzman International Herald Tribune CELLE, West Germany — Karl Otto Pöhl, president of the Bundesbank, said Thursday that he expected neither a currency realignment in the European Monetary System nor major changes in international monetary policies in the short term.

Speaking at a press conference after a regularly scheduled meeting of the central bank council, Mr. Pöhl said major changes in international monetary policy were unlikely to emerge from the annual meeting of the International Monetary Fund in West Berlin later this month. The meeting of major industrial nations begins Sept. 27.

"I think the West Berlin meet-

ings will be pretty much business as usual," he said. Mr. Pöhl said that was partly due to the forthcoming presidential elections in the United States. "I don't believe there will be any major changes in monetary policy because the U.S. administration is currently involved in a transition process," he said.

The central bank president made his remarks in Celle, an ancient Lower Saxony town. The Bundesbank's policy-setting council meets once a year away from its Frankfurt headquarters.

The 17-member council did not alter West German monetary policy during the meeting. But Mr. Pöhl praised the recent coordinated increases in interest

rates by most European central banks — spearheaded by the Bundesbank's half-point increase in its discount rate to 3.50 percent two weeks ago — as having succeeded in stabilizing exchange rates for now.

"The reaction in the financial markets to the coordinated interest-rate increases was very satisfactory," Mr. Pöhl said. He added that the moves had helped bring West Germany's money supply growth closer to its target range of 3 to 6 percent for the year.

The Bundesbank council also discussed the latest West German economic statistics, including the first-half gross national product data, released Tuesday, which showed that the economy expand-

ed by a strong 3.9 percent in the first six months of 1988 from a year earlier. GNP measures a nation's total output of goods and services. "The GNP numbers are extraordinarily good," Mr. Pöhl said. "They are much more positive than we could have thought possible six months ago."

Earlier this week, the French finance minister, Pierre Bérégovoy, fired the latest salvo in what has become a steady barrage of French criticism of West German economic policy, when he said West Germany's pace of growth was too slow and its trade surplus too high.

The United States has also been critical of the pace of West German growth, although that criticism has virtually disappeared since the be-

ginning of the year, when the dollar began to rise against the Deutsche mark. "The criticism that West Germany's monetary policy was too restrictive, at least in this year, is inappropriate," Mr. Pöhl said. "I think the facts very clearly contradict it."

The West German trade surplus has surged since midyear, mainly because of a flood of exports to its European trading partners that was prompted in part by the weakness of the mark. Economists say the surplus is likely to at least equal the record 118 billion DM (\$64 billion) surplus posted in 1987.

But with the recent resurgence of the mark against most other major currencies, the EMS has come un-

Thursday's OTC Prices NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks including ABB, ABB, ABB, etc. Columns include stock name, price, and change.

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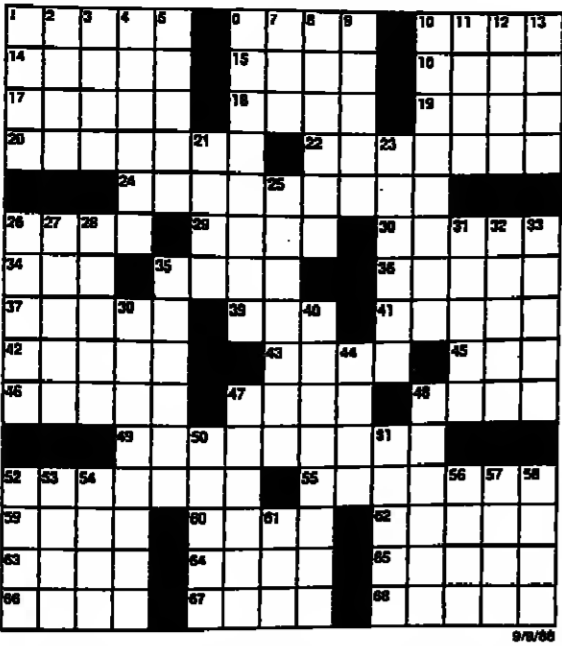
Table of OTC prices for various stocks including ABB, ABB, ABB, etc. Columns include stock name, price, and change.

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Table of OTC prices for various stocks including ABB, ABB, ABB, etc. Columns include stock name, price, and change.

RS AGO... advertisement for RS AGO.

Thursday's AMEX Closing... advertisement for AMEX.



**ACROSS**

1 Self firmly  
8 Architectural feature  
10 Wap, as a mummy  
14 Like the Ancient Mariner  
15 Wild goat of Asia Minor  
16 Calfum  
17 Order  
18 Desperate  
19 Pisa's river  
20 Sthenius's "Sute"  
22 Berlin's namesakes  
24 Valrus's interlocutor  
26 Close  
28 Lhasa  
30 Final state of 4 Down  
34 Cossack  
35 Military vehicle  
36 Pilsener, e.g.  
37 Port of N Chile  
39 Old dress  
41 Bomber  
42 Mexican snacks  
43 Sort of sortie  
45 Musical dir.  
46 Actor Terence

**DOWN**

1 Ice or six follower  
2 Inge ceramic pot  
3 Fly high  
4 Anthropod  
5 Inventor Nikola  
6 Small grebe  
7 Sendai sash  
8 Choice breed of sheep  
9 Put forth effort  
10 Moderator  
11 Deserve  
12 Call

47 Of the ear  
48 Miami's county  
49 Moroccan's ternet  
52 Island off Sonora  
53 Breathing tube  
54 — St. Lawrence, G.B.S.'s home  
60 Wine valley  
62 City on the Nile  
63 Desire of the boll  
64 Ornamental case  
65 — Kush, Asian range  
66 Allured, as a metal  
67 Tear  
68 — purs Gounod and

13 A son of Aphrodite  
21 Passions, to Pity  
23 Obscured  
25 Grass for cordage  
26 Items in a toff's  
27 Alghan city  
28 Neighbor of Carthage  
31 Poles meeting  
32 Frozen  
33 Hold forth  
35 Manhattan College student  
38 Allured, as a metal  
40 Contradicted  
44 Giotto fresco, e.g.  
47 Elaborately embellished  
48 Painter André

50 Coloring solution  
51 Choice coffee  
52 He wrote "The Rime"  
53 Jewish month  
54 Trunk or clay  
56 Discard Vidor  
57 Mahler's "Das Lied von der"  
58 Gehung and Pinnella  
61 Word play

© New York Times, edited by Eugene Maletka.

DENNIS THE MENACE



"HE'S NOT FOLLOWING YOU, MR. WILSON! HE'S FOLLOWING YOUR SHADE!"

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

NAHEN  
JOGIN  
DINCIT  
INLOPP

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Yesterday's Jumble: FILMY QUEST MURMUR BUSHEL  
Answer: He deserves to do this when he behaves like a worm—SOURM

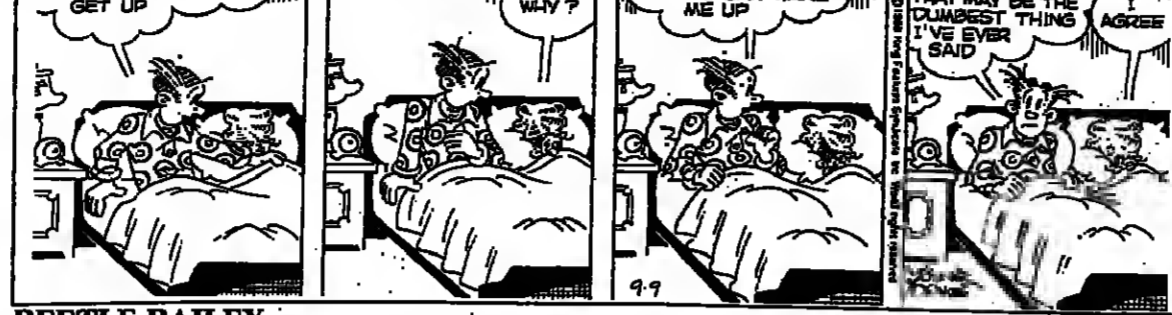
WEATHER

EUROPE			ASIA		
City	High	Low	City	High	Low
Aberdeen	24	17	Beijing	24	17
Amsterdam	24	17	Bombay	24	17
Antwerp	24	17	Calcutta	24	17
Birmingham	24	17	Chengde	24	17
Boston	24	17	Hankow	24	17
Breidenburg	24	17	Hong Kong	24	17
Buenos Aires	24	17	Kobe	24	17
Cardiff	24	17	Manila	24	17
Chicago	24	17	Osaka	24	17
Cincinnati	24	17	Seoul	24	17
Cleveland	24	17	Taipei	24	17
Columbus	24	17			
Dallas	24	17			
Denver	24	17			
Detroit	24	17			
Houston	24	17			
Los Angeles	24	17			
London	24	17			
Madrid	24	17			
Miami	24	17			
Minneapolis	24	17			
New York	24	17			
Philadelphia	24	17			
Pittsburgh	24	17			
Portland	24	17			
San Francisco	24	17			
Seattle	24	17			
St. Louis	24	17			
Washington	24	17			
Wichita	24	17			

PEANUTS



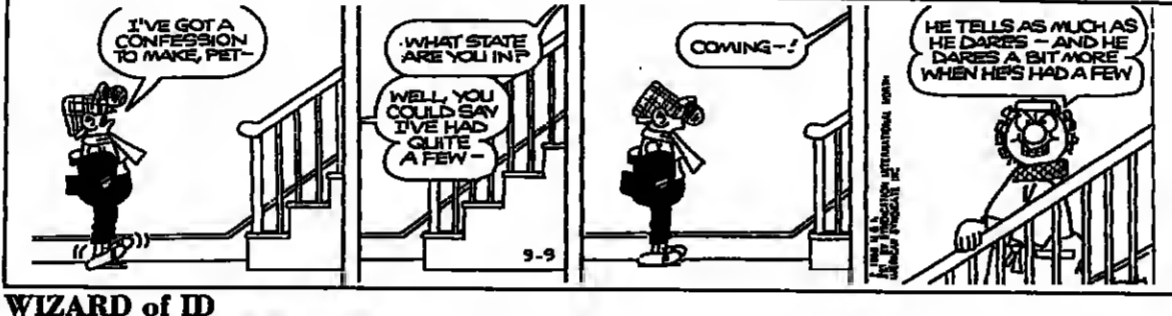
BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



BOOK BRIEFS

**THE SILENCE IN THE GARDEN.** By William Trevor. Viking Inc., 40 West 23d Street, New York, N.Y. 10010.

The garden mentioned in the title of William Trevor's 10th novel refers, of course, to Eden — that vanished world of childhood innocence, where the author's characters are constantly trying to recapture.

In this case, it also refers, quite specifically, to the beautifully landscaped playground that surrounds Carrigis, the ancestral home of the Rolleston family, on a rocky green island just off the coast of Ireland.

The great rambling gray house is "flanked by a monkey puzzle on one lawn and strawberry trees on the other." There are lovely arcades of beech trees, fuchsia hedges, rhododendrons and garlands of wisteria trailing along the walls.

"Every year there is the summer party, when croquet and tennis are played, and there is a paper-chase for the children," writes Trevor.

"Four gardeners at Carrigis tend the flowerbeds and the shrubberies, and keep the avenue weeded, and the kitchen supplied."

In his last novel, "Fools of Fortune" (1983), Trevor described the same sort of idyllic prelapsarian world, a world whose quiet domestic routines are precipitously destroyed when history in the form of the Irish troubles intrudes. And in "The Silence in the Garden," the seeming calm at Carrigis is similarly shattered by a series of violent events.

Trevor has always been a master of old-fashioned, omniscient narration; and he not only uses his skills to keep this novel's gothic mood, but he also uses them to create an intimate sense of his many characters' daily lives — thereby grounding this volume's more historic moments in a matrix of closely observed emotional and physical detail.

(Michiko Kakutani, NYT)

**LONGSOME TRAVELER: The Life of Lee Hays.** By Doris Willens. 281 pages. \$17.95. W.W. Norton & Co., 500 Fifth Avenue, New York, N.Y. 10011.

Everybody has heard of the Weavers, the popular folk-singing quartet of the 1950s, but most of the individuals in the group — such as Lee Hays, who wrote the song "Lonesome Traveler," and coauthored "If I Had a Hammer" and sang bass — aren't so well known. The quartet's big hits came in the early '50s, but their work provided the energy that sparked a whole folk song revival. Their progressive politics and identification with the deprived and the unpopular soured off their career on the one hand, but made them ideal role models for the causes of the '60s.

There were two guiding forces in the Weavers: Pete Seeger has been covered in detail over the years; surely it is time to look at the other, Lee Hays. He had often been encouraged to set down his memoirs. He was, after all, a writer. Besides the songs most of us know, he developed plays and wrote short stories and commentary for years. But once he began to tape memories he found at some point he could dredge no further. He sent the tapes to Doris Willens, a friend, journalist and singing partner in the Babystylers.

When Hays died in 1981, his friends looked to Doris Willens to sort out the tapes, fill in the holes and write the book.

"Lonesome Traveler" includes the roller coaster ride of the Weavers, and the House Un-American Activities Committee hearings of the '50s, but we are also given glimpses of the intensity of organizing the South of the 1930s. The best passages are Hays's words, some of the ones so painfully recorded on the tapes he couldn't continue. (Mary Kay WP)

**NUTS AND BOLTS OF THE PAST: A History of American Technology, 1776-1860.** By David Freeman Hawke. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N.Y. 10022.

We all need to have had forebears assimilating technology as it developed, and softening its shock for us — someone like Sidney George Oliver, one of the carefully researched figures in "Nuts and Bolts of the Past." David Freeman Hawke's humanistic history of early American technology. Oliver, a young Philadelphia sociologist of the 1830s, commented favorably on the new "hoisting device" in the Continental Hotel. "You enter a nicely furnished little room ten feet square," he said. "You can stop and get out at any story."

Hawke's scholarly, sometimes pedantic text warms in the presence of men who were part artisan, part inventor, part engineer and above all practical. Hawke calls them "mechanicians." Generations of them are chronicled — highly skilled workers with a highly developed work ethic who learned by example, and were willing to try and fail and keep trying until they found a solution.

Hawke traces a few all-star mechanics (such as Elias Howe with his sewing machine), and several unsung heroes through big and small undertakings, both public-spirited and strictly commercial. Examples are the development of municipal water systems, and the merchandising of mass-produced wooden clocks built by Eli Terry, a very enterprising Connecticut fellow.

Although the stories are fascinating, what stands out are the brief flashes of insight. You hardly see them, but can't help noticing the magnitude of what they illuminate. One example: Eyeglasses nearly doubled the productive life of a craftsman. (Mike McClintock, WP)

Solution to Previous Puzzle



BRIDGE

By Alan Truscott

WHEN the obvious play is a 50-50 finesse, experts look around for some alternative. And if there are indications, the impulse to find another play becomes stronger. This line of thought was productive for Karen McCallum of Manhattan on the diagrammed deal from the International Team playoffs that ended June 5.

She and her partner, Carol Simoo of Summit, New Jersey, led to six hearts as shown, with natural bidding that included a long sequence of cue-bids.

The diamond king was led and allowed to win, an immediate attempt to correct the timing for a squeeze. The same effect would have been achieved with fractionally more safety, by winning the diamond ace, drawing trumps and returning a diamond.

If West had shifted to a club, South would have been careful to win in the dummy. In practice, West contoured diamonds, and South won with the ace, drew trumps, crossed to the spade king and ruffed a diamond.

It was now clear that West had begun with seven red cards and East five, so the spade queen was more likely than not to be on the right. If that was true, McCallum could see a double squeeze in prospect. She crossed to the spade ace, and discarded dummy's spade jack on the heart winner.

The lead of the last trump settled matters. West had to throw a club, and dummy threw the diamond nine, now five made the last trick to bring the slam. South was happy to find that her team had gained 14 mps.

WEST: ♠ 8 4 3 2  
♥ 8 7 6 5 4  
♦ K Q 10 7 3 2  
♣ J 9 3

EAST (D): ♠ 10 9 8 7 6 5 4 3 2  
♥ 7 10 8  
♦ 6 4  
♣ Q 8 7 6

Neither side was vulnerable. The bidding:

West: 1♣, 2♣, 3♣, 4♣, 5♣, 6♣, 7♣, 8♣, 9♣, 10♣, 11♣, 12♣, 13♣, 14♣, 15♣, 16♣, 17♣, 18♣, 19♣, 20♣, 21♣, 22♣, 23♣, 24♣, 25♣, 26♣, 27♣, 28♣, 29♣, 30♣, 31♣, 32♣, 33♣, 34♣, 35♣, 36♣, 37♣, 38♣, 39♣, 40♣, 41♣, 42♣, 43♣, 44♣, 45♣, 46♣, 47♣, 48♣, 49♣, 50♣, 51♣, 52♣, 53♣, 54♣, 55♣, 56♣, 57♣, 58♣, 59♣, 60♣, 61♣, 62♣, 63♣, 64♣, 65♣, 66♣, 67♣, 68♣, 69♣, 70♣, 71♣, 72♣, 73♣, 74♣, 75♣, 76♣, 77♣, 78♣, 79♣, 80♣, 81♣, 82♣, 83♣, 84♣, 85♣, 86♣, 87♣, 88♣, 89♣, 90♣, 91♣, 92♣, 93♣, 94♣, 95♣, 96♣, 97♣, 98♣, 99♣, 100♣.

**World Stock Markets**  
Via Agence France Presse Closing prices in local currencies, Sept. 8

Market	Index	Change
Amsterdam	4218	+12
Brussels	2785	+15
Frankfurt	2040	+10
London	2712	+15
Madrid	1015	+10
Paris	1415	+10
Stockholm	1415	+10
Zurich	2712	+15

**Market Closed**  
The stock market in Sao Paulo was closed Wednesday for a holiday.

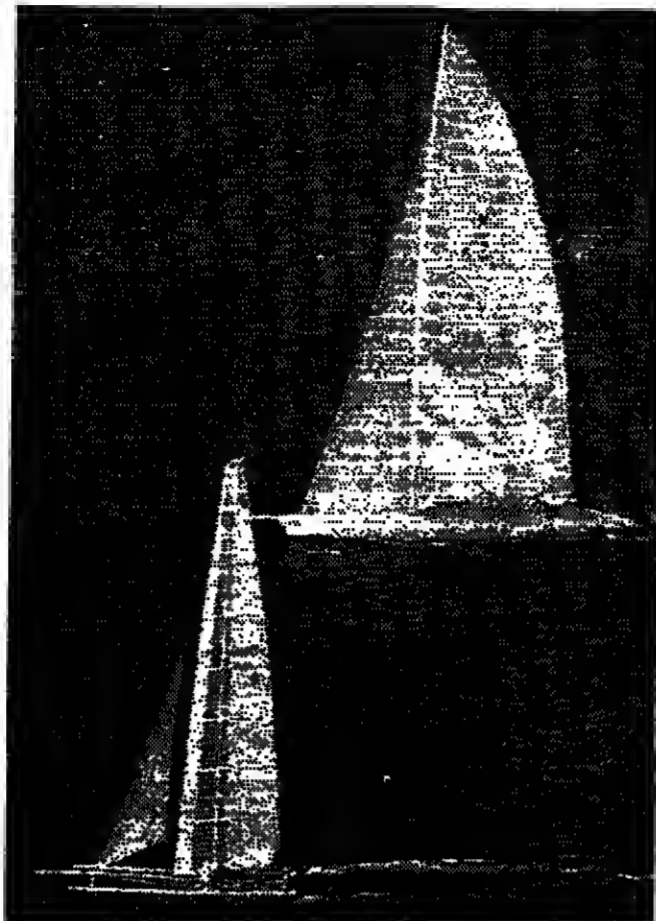
**Sydney**  
ASX 200: 2712.11  
Change: +15.11  
Previous: 2727.22

SPORTS

Stars & Stripes Wins Opening Cup Race

By Barbara Lloyd
New York Times Service
SAN DIEGO — Dennis Conner sailed his first race in defense of the America's Cup like a doctor afraid of a malpractice suit.

Although Conner kept a tight rein on his lightning-fast catamaran through most of the race, the boat's superiority against New Zealand's 132-foot (40-meter) monohull showed itself every step of the way.



Stars & Stripes pulls ahead of New Zealand at the start of the race.

to dwindle. But Stars & Stripes continued to stretch her lead, despite expectations that lighter air would favor New Zealand.

Lendl Advances To Semifinals With Rout of Rostagno

Compiled by Our Staff From Dispatches
NEW YORK — Ivan Lendl, the No. 1 men's seed, stayed on course for a fourth successive U.S. Open triumph when he defeated Derrick Rostagno on Thursday to reach the semifinals.

Graf playing Chris Evert in the other match. "She's my idol," Garrison said of Navratilova. "I knew I've been working really hard. I just kept telling myself that I deserved this one this time. I just took the adrenaline and went with it."



Zina Garrison celebrates after her defeat of Martina Navratilova.

For Navratilova, a Dismal Year Ends

By Peter Alfano
New York Times Service
NEW YORK — Everything she valued in tennis — the No. 1 ranking, the Wimbledon title and now, the championship of the country she chose as her home when she left Czechoslovakia in 1975 — has been stripped like epaulettes from her tennis whites.



A disgusted Martina Navratilova after losing a point in the three-set quarterfinal match that would be her undoing at the U.S. Open.

The tournament is not as prestigious to her as Wimbledon, but it is meaningful in another, perhaps more emotional way. During the Open was played at Forest Hills, she defeated to the United States. In 1981, she was a finalist here only weeks after becoming an American citizen.

Tyson Is Discharged from Hospital

By Phil Berger
New York Times Service
NEW YORK — Mike Tyson has been discharged from Columbia-Presbyterian Medical Center after undergoing three days of care following an automobile accident in which he suffered a concussion.

problems? Well, Tyson is very moody. He can be charming and childish one minute, at other times he's angry and exhibits it." Before Tyson's release Wednesday, his family and advisers vehemently denied a report in The New York Daily News that the champion had threatened suicide.

Dodgers Down Astros On Shelby's 3-Run Shot

Compiled by Our Staff From Dispatches
LOS ANGELES — John Shelby hit the shot heard around Los Angeles to beat the Houston Astros, perhaps securing the Dodgers' path to the playoffs.

just wanted to put the ball in play in the outfield. Leary struck out eight and walked four en route to his fifth victory in his last six starts.

SCOREBOARD

Table with 2 columns: Transition and Football. Lists various sports events and results.

BASEBALL

Table with 2 columns: Wednesday's Major League Line Scores and Major League Standings. Lists game results and team rankings.

BASEBALL ROUNDUP

Wednesday to snap a tie and Tim Lincecum allowed four hits in eight-plus innings as the Dodgers beat Houston, 4-1, and took a six-game lead over the Astros in the National League West.

Major League Standings

Table with 2 columns: American League and National League. Lists team standings for both leagues.

SOCCER

Table with 2 columns: European Tournaments and CFL Standings. Lists soccer tournament results and CFL team standings.

TENNIS

Table with 2 columns: U.S. Open Results and Women's Doubles. Lists tennis match results and doubles pairings.

Major League Standings

Table with 2 columns: American League and National League. Lists team standings for both leagues.

Giamatti Picked To Be Baseball Commissioner

The Associated Press
MONTREAL — A. Bartlett Giamatti, who earned a reputation as "the dean of discipline" during his tenure as National League president, was elected to a five-year term as baseball commissioner on Thursday.

Advertisement for SEIKO Official Timer. Features a large image of a Seiko watch and text: 'US OPEN OFFICIAL TIMER SEIKO Aug. 29 - Sept. 11'.

OBSERVER

Next: A Polling Frenzy

By Russell Baker
NEW YORK — Newspapers and television overdid the Dan Quayle story. The result was the infamous feeding frenzy.

The 'Autobiography' of Philip Roth

By MERVYN Rothstein of The New York Times
New York Times Service
MERVYN Rothstein of The New York Times interviewed Philip Roth on his new novel. Here are excerpts from his report.



The Associated Press

This is a set of facts. I called the book 'The Facts,' not 'The Dirt.' That's another book. I think this one tells a considerable amount about how somebody, in this case me, becomes a writer.

PEOPLE
Florida Woman Wins Record \$55.16 Million
Sheelah Ryan, 63, a real-estate agent from Winter Springs, Florida, has won a record \$55.16 million prize in the Florida lottery.

INTERNATIONAL REAL ESTATE MARKETPLACE
Appears on page 6
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